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IN THE

Supreme Court of the United States

OCTOBER TERM, 1993

TURNER BROADCASTING SYSTEM, INC., *et al.*,
Appellants,

v.

FEDERAL COMMUNICATIONS COMMISSION, *et al.*,
Appellees.

Appeal from the United States District Court for the District of Columbia

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JURISDICTIONAL STATEMENT

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QUESTION PRESENTED

Whether Congress, consistent with the First Amendment, may require that operators of cable television systems devote channels to programmers favored by Congress—*i.e.*, local broadcast stations—regardless of the preferences of the operators and regardless of the effects on other, unfavored programmers.

PARTIES TO THE PROCEEDINGS

Plaintiffs: *

Atlanta Interfaith Broadcasters, Inc.
Arts & Entertainment Network
Black Entertainment Television, Inc.
Daniels Cablevision, Inc.
Discovery Communications, Inc.
E! Entertainment Television, Inc.
Hearst/ABC-Viacom Entertainment Services
International Family Entertainment, Inc.
The Learning Channel, Inc.
National Cable Satellite Corporation
National Cable Television Association, Inc.
National Interfaith Cable Coalition, Inc.
QVC Network
Time Warner Entertainment Company, L.P.
The Travel Channel, Inc.
Turner Broadcasting System, Inc.
USA Network

Defendants:

Association of America's Public Television Stations
Association of Independent Television Stations, Inc.
Community Broadcasters Association
Consumer Federation of America
The Corporation for Public Broadcasting
Sandra Engle
Federal Communications Commission
The International Association of Machinists and Aerospace Workers, AFL-CIO
International Broadcasting Network
The International Television Broadcasting, Inc.
Morningstar Communications
National Association of Broadcasters

* Appellants' Rule 29.1 disclosure statements are set forth in the Appendix to this Jurisdictional Statement at 111a-17a.

National Council of Senior Citizens
National Rural Telecommunications Cooperative
Office of Communication of the United Church of Christ
Paging Associates, Inc.
The Public Broadcasting Service
Sherjan Broadcasting Co., Inc.
Triplett & Associates, Inc.
TV 14, Inc.
TV 58 St. Louis, Inc.
United States of America
Zantech, Inc.

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Appeal from the United States District Court for the District of Columbia

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JURISDICTIONAL STATEMENT

Appellants, operators of cable television systems and suppliers of programming for cable television systems, appeal from the judgment of a three-judge district court holding that various provisions of the Cable Television Consumer Protection and Competition Act of 1992 (47 U.S.C. §§ 531 *et seq.*)—in particular, those provisions compelling cable systems to devote more than one-third of their channels to the programming of commercial and noncommercial broadcast stations (47 U.S.C. §§ 534, 535)—do not violate appellants' rights to freedom of speech and freedom of the press under the First Amendment.[1]

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[1] Plaintiffs in five civil actions consolidated by the court below—including both cable operators and cable programmers—have joined in filing this Jurisdictional Statement. In doing so, the parties do not intend to waive their right to file separate briefs on the merits.

OPINION BELOW

The opinion of the three-judge United States District Court for the District of Columbia is reported at 819 F. Supp. 32. It is reprinted in the Appendix to this Jurisdictional Statement at 1a-72a.

JURISDICTION

The judgment of the district court was entered on April 8, 1993. Timely notices of appeal were filed in the district court on May 3, 1993. *See* J.S. App. 73a-81a.

This Court has appellate jurisdiction pursuant to 28 U.S.C. § 1253, which provides that "[e]xcept as otherwise provided by law, any party may appeal to the Supreme Court from an order granting or denying . . . an interlocutory or permanent injunction in any civil action . . . required by any Act of Congress to be heard and determined by a district court of three judges." Section 23 of the Cable Television Consumer Protection and Competition Act of 1992, 47 U.S.C. § 555(c)(1), requires that challenges to sections 4 and 5 of the Act "be heard by a district court of three judges convened pursuant to [28 U.S.C. § 2284]."

CONSTITUTIONAL AND STATUTORY PROVISIONS

The First Amendment to the United States Constitution provides in pertinent part: "Congress shall make no law . . . abridging the freedom of speech, or of the press . . . ."

Relevant provisions of the Cable Television Consumer Protection and Competition Act of 1992 are reprinted in the Appendix to this Jurisdictional Statement at 82a-110a.

STATEMENT

Appellants brought this action before a three-judge district court seeking to enjoin enforcement of various provisions of the Cable Television Consumer Protection and Competition Act of 1992 ("the 1992 Cable Act"), 47 U.S.C. §§ 531 *et seq.* Appellants' principal challenge was

directed at the so-called "must-carry" provisions, 47 U.S.C. §§ 534, 535, which require that cable operators carry the programming of commercial and noncommercial broadcast stations. Appellants contended that the provisions violated appellants' rights to freedom of speech and of the press under the First Amendment. The district court, by a 2-1 vote, upheld the provisions.

1. a. Cable television is a medium for providing programming to television viewers. As one court of appeals has explained, a cable system, in addition to original programming, "offers local over-the-air broadcast signals captured by a strategically located master antenna, distant broadcast signals, which are often imported via satellite, and non-broadcast signals transmitted exclusively to cable systems by satellite or microwave relay. The cable operator converts the signal received from these or other sources into an electronic impulse and delivers it to subscribers' homes over a coaxial cable." *Quincy Cable TV, Inc. v. FCC*, 768 F.2d 1434, 1438-39 (D.C. Cir. 1985), *cert. denied*, 476 U.S. 1169 (1986).

Cable television is not subject to the physical limitations that have placed a finite upper limit on the number of broadcast stations possible in each local community: most, if not virtually all, communities have the room—on utility poles or below ground—to accommodate the construction of additional cable systems. *See Home Box Office, Inc. v. FCC*, 567 F.2d 9, 45 (D.C. Cir.) (per curiam), *cert. denied*, 434 U.S. 829 (1977) (cable operators not subject to physical scarcity as are broadcasters). Each cable operator, however, has limited capacity within its own system. For this and other reasons, cable operators must exercise editorial discretion in choosing what programming to include and what programming to leave out, tailoring their program mix to meet viewer interests. In addition, cable operators must choose the channel position to be assigned to each programmer carried on the system and the terms on which that programmer will be offered to subscribers in an attempt to create the most

attractive package for consumers of news, information, and entertainment.[2]

Cable programmers, in turn, must compete for a place on each cable system. At present, for example, there are more than 75 nonbroadcast providers of programming on a national basis to cable television operators, as well as numerous regional nonbroadcast providers of cable programming.[3] While television stations can, through use of the government-granted spectrum, reach most or all of the homes in their service areas through over-the-air transmission, cable programming networks have no access to the airwaves. It is, therefore, of vital importance to cable programmers that they be selected for placement on one of the limited number of channels provided to viewers by each cable system and other multichannel providers. Indeed, given the need for a critical mass of viewers, a cable programmer cannot survive if it fails to gain access to a significant number of cable systems.

b. Beginning more than 30 years ago, the federal government has repeatedly sought to dictate the choices made by cable operators with respect to programming, requiring them to carry local broadcast stations in preference to competing programming. *See Quincy Cable TV, Inc.*

[2] Cable operators typically offer a "basic" tier of program services that all subscribers receive. Additional tiers and services are then available on an optional basis. A decision to place programming within the basic tier thus directly controls whether all subscribers will view the programming for the minimum monthly charge or whether they must elect to add the programming at additional cost.

[3] This number has risen sharply as the subscribership to cable television has increased. (In 1976, for example, there were four national cable program networks. Cable Television Developments, October 1992, at 7-A.) These programming sources include such well-recognized offerings as HBO, C-SPAN, ESPN, CNN, and the Discovery Channel, as well as recently-developed sources such as the Cartoon Network and the Sci-Fi Channel. In addition, cable operators increasingly are developing their own programming for distribution to their subscribers, as Time Warner Cable has done with New York 1, a 24-hour local news service produced and offered by its cable systems in the New York City area.

v. FCC, supra. In 1985, the Court of Appeals for the District of Columbia Circuit held that these must-carry rules violated the First Amendment rights of both cable programmers and cable operators. Pointing out that "the rules are explicitly designed to 'favor[] certain classes of speakers over others,'" 768 F.2d at 1451 (quoting *Home Box Office, Inc. v. FCC*, 567 F.2d at 48), and that "[t]he rules coerce speech," *id.* at 1452, the court determined that the asserted justifications for the rules did not support the degree of intrusion on First Amendment interests. The court found insufficient evidence that "an unregulated cable industry presents a serious threat to local broadcasting," *id.* at 1459, and concluded that, in any event, the rules were "'grossly' overinclusive." *Id.* at 1460. Although the purported basis for the rules was "to protect local broadcast*ing* and not local broadcast*ers*," *id.*, the court observed that "[t]he rules indiscriminately protect each and every broadcaster regardless of the quantity of local service available in the community and irrespective of the number of local outlets already carried by the cable operator." *Id.*

The Commission thereafter redrafted the must-carry rules, and the court of appeals once more invalidated them, again emphasizing a lack of factual support. *See Century Communications Corp. v. FCC*, 835 F.2d 292 (D.C. Cir. 1987), *cert. denied*, 486 U.S. 1032 (1988). Noting that "[t]he Commission relies heavily on its assumption that in the absence of must-carry rules, cable companies would drop local broadcasts," *id.* at 303, the court found that "[e]xperience belies that assertion." *Id.* Rather, the court stated, "during the 16 months that elapsed between *Quincy Cable TV* and the reimposition of the modified must-carry rules, cable companies generally did not drop the local broadcast signals that they had been carrying prior to *Quincy Cable TV*." *Id.* The court also pointed to separate reports by the Federal Trade Commission and the Justice Department concluding "that the absence of must-carry would not harm local broadcasting." *Id.*

2. The statute here at issue was enacted by Congress in 1992. In terms even more sweeping than the earlier rules, it compels cable operators to carry a specific number of local broadcast stations—depending upon the number of channels on the cable system—regardless of the preferences of operators and viewers and regardless of the effects on other programmers. Although Congress made findings with respect to economic factors such as a "shift in market share" from broadcast to cable television (*see* Findings ¶ 13), it made clear, as well, that the must-carry provisions were intended to promote "unique noncommercial, educational programming" (*id.* ¶ 7), assure "programming that is responsive to the needs and interests of the local community" (*id.* ¶ 8(B)), support "local origination of programming" (*id.* ¶ 10), and preserve local broadcast stations as "an important source of local news and public affairs programming" (*id.* ¶ 11).[4]

The principal must-carry provisions are contained in two sections of the Act: Section 4, which deals with carriage of commercial stations, and Section 5, which deals with carriage of noncommercial stations. Section 4(b) of the Act requires that cable systems with more than 12 usable activated channels—the vast majority of cable systems throughout the country—allocate up to one-third of their channels for the carriage of local commercial television stations. *See* 47 U.S.C. § 534(b)(1)(B); *see also id.* § 534(c) (requirements for carriage of low power television stations). Systems with 12 or fewer channels but with more than 300 subscribers must carry at least three local commercial television stations. *Id.* § 534 (b)(1)(A).

[4] These findings appear in numbered paragraphs in Section 2(a) of the 1992 Act, reprinted in 47 U.S.C. § 521 Historical and Statutory Notes and in the Appendix, *infra*, at 82a-87a.

The committee reports confirm the focus on the content of programming, asserting that if broadcasters are not carried the result will be "reductions in local news, public affairs, and other public interest programs . . . ." H.R. Rep. No. 628, 102d Cong., 2d Sess. 51-52 (1992). *See also id.* at 69 (naming with approval several specific programs offered on public television stations).

Additional channels—over and above the one-third cap of Section 4(b)—must be devoted to carriage of educational television stations under Section 5(b) of the Act. That section requires that, subject to certain limitations, a cable operator shall carry "any qualified local noncommercial educational television station requesting carriage." In particular, cable systems with more than 36 channels must show the programming of *all* noncommercial broadcast stations requesting carriage, unless the programming of a station "substantially duplicates" the programming of another station carried by the system. *See In the Matter of the Implementation of the Cable Television Consumer Protection and Competition Act of 1992* (Broadcast Signal Carriage Issues) Docket No. 92-259, released March 29, 1993, ¶ 19 (defining "substantially duplicates" to mean a 50% overlap in programming). Moreover, the Act mandates carriage of any qualified educational station carried as of March 29, 1990, regardless of the channel capacity of the system.

The effect of these provisions, taken together, is significant. For a cable system of 36 channels, the Act requires carriage of up to 12 local broadcast stations and three educational stations—in essence asserting government control over more than 40 percent of its channels.[5] Furthermore, the Act interferes directly with decisions of the cable operator about the channels on which to place the stations (*see* 47 U.S.C. §§ 534(b) and 535(a)) and mandates their inclusion in the basic tier (*id.* § 543 (b)(7)(i))—which must, by law, be provided to all subscribers before they can purchase any other tier of programming (*id.* § 543(b)(7)(A)). As a result, the broadcast stations not only benefit from mandatory car-

[5] These requirements are in addition to those of the Cable Communications Policy Act of 1984 ("the 1984 Cable Act"), which requires cable operators to relinquish editorial and business control over (1) an unlimited number of channels (to be determined by franchising authorities) for public, educational and governmental access channels (Section 611(b)) and (2) up to 15% of capacity for leased access by persons unaffiliated with the operator (Section 612(b)(1)).

riage, regardless of interest in the community, but from mandatory carriage to all subscribers in a preferred position.[6]

3. A divided three-judge district court, convened pursuant to Section 23 of the 1992 Cable Act (47 U.S.C. § 555(c)(1)), upheld the must-carry requirements against appellants' First Amendment challenge.[7] The majority first took the view that Congress was regulating "a market in a commercial commodity . . ., not a market in speech." J.S. App. 12a. Regarding the law as "simply industry-specific antitrust and fair trade practice regulatory legislation," *id.* at 13a, the court said that "to the extent First Amendment speech is affected at all, it is simply a byproduct of the fact that video signals have no other function than to convey information." *Id.* Indeed, despite the fact that the must-carry provisions dictate what programming cable operators must place on their systems, the court concluded that the provisions are "unrelated (in all but the most recondite sense) to the content of any messages that these embattled cable operators, broadcasters, and programmers have in contemplation to deliver." *Id.*

The district court did acknowledge that it was too late to reconsider the proposition "[t]hat the First Amendment is to some extent implicated whenever a govern-

[6] The must-carry provisions, in turn, are linked to an additional set of provisions: the retransmission consent provisions, set forth in Section 6 of the Act. *See* 47 U.S.C. § 325(b). Having mandated carriage of signals by cable operators, the Act nonetheless allows commercial broadcasters the alternative of refusing to allow carriage without payment. Under the Act, local commercial television broadcast stations may elect either to assert their rights of mandatory carriage *or* to bar cable reception of their signals absent consideration satisfactory to the station.

[7] The court also rejected, without comment, appellants' challenges to the tiering and channel positioning requirements and, with brief comment (J.S. App. 7a n.10), appellants' challenge to the retransmission consent provisions. In the event that this Court reverses the decision below with respect to the must-carry provisions, we believe that these other issues should be remanded to the district court for further consideration.

ment endeavors to regulate a cable industry component." J.S. App. 13a. In keeping with its belief that the must-carry requirements were "essentially economic regulation" (*id.* at 13a), however, the court refused to subject them to strict judicial scrutiny. *See id.* at 15a-16a (provisions must only "satisfy the criteria established in [*United States v.*] *O'Brien*[, 391 U.S. 367 (1968)] and its progeny"). Rejecting the argument of cable operators that strict scrutiny is required for laws compelling speech, the court held that "[a] compulsory speech requirement, or one imposing upon the discretion of a speaker to say only what he wishes, it appears, is to be strictly scrutinized *only* if it appears that the government has prescribed the content—either the message or the subject matter—of the speech to be spoken." J.S. App. 16a (emphasis added). The court similarly rejected the argument, advanced by cable programmers, that strict scrutiny was necessary for laws impeding some speakers in order to advance other speakers, stating that "[s]peaker partiality alone . . ., absent evidence that the government's distinction between groups of speakers is related to what the speakers are saying, is insufficient to trigger strict scrutiny." *Id.* at 18a. Finally, although not entirely clear on the point, the court appeared to conclude that, because of "certain characteristics unique to the way the industry has evolved and is presently structured," *id.* at 20a, it was appropriate to give "relaxed First Amendment scrutiny of the must-carry provisions even if marginally content-related . . . ." *Id.* at 22a n.25.

The court then determined that, under its more lenient standard of review, the requirements were adequately justified. Even though appellants had pointed out that local broadcast stations had *increased* in number since invalidation of the prior must-carry rules—indicating that the system of local broadcasting was still not in any jeopardy (*see Century Communications Corp. v. FCC*, 835 F.2d at 303)—the district court responded that "Congress . . . did not agree." J.S App. 24a. Because Congress had assembled evidence "demonstrating, to its [own] satisfaction" that cable operators posed a threat to

local broadcast stations, *id.* at 24a-25a, the court believed that "the deference [it] should accord to the factfinding abilities of the nation's legislature" required it to "conclude that the danger perceived by Congress is real and substantial." *Id.* at 26a (citations omitted). The court extended a comparable degree of deference with respect to the need for "prophylactic measures," *id.* at 27a, saying that it was "unwilling to second-guess Congress' determination that the must-carry provisions are necessary to accomplish its objective." *Id.*[8]

Judge Williams dissented. He noted that the must-carry provisions (unlike the leased access provisions enacted in 1984) "extend the privilege of access only to a special class of unaffiliated programmers—local commercial and non-commercial television stations," J.S. App. 51a, and that "Congress rested its decision to promote these stations in part, but quite explicitly, on a finding about their content." *Id.*; *see also id.* at 53a ("Here . . . the beneficiaries are local stations that are required by government to include specific content that the government has deemed especially worthy"). Turning to the proper standard of judicial review, Judge Williams concluded that "the proper test is strict scrutiny." *Id.* at 57a. He reasoned that "the statute is content-based under controlling precedent. The must-carry provisions mandate speech: they require cablecasters to carry the speech of local broadcast stations." *Id.* at 54a. Although Judge Williams noted that less exacting scrutiny was given to general laws regulating conduct and having only an "incidental" effect on speech, J.S. App. 54a, he stated: "The treatment of First Amendment values as irrelevant cannot be transported to the context of a burden imposed on one set of speakers for the direct and explicit advantage of a limited class of their competitors—a class whose programming

[8] In a concurring opinion, Judge Sporkin termed appellants' attempts to invoke First Amendment rights "mischievous." J.S. App. 47a. Judge Sporkin stated that "[i]t is inconceivable that our forefathers at any time contemplated that the First Amendment would be used to regulate an industry that came into existence over 150 years after the Bill of Rights was adopted." *Id.*

must, as a matter of law, include content of a type specified by the government." *Id.* at 57a.

Judge Williams then determined that the interests advanced in support of the law were inadequate to justify it. With respect to the asserted interest in "promoting diversity of views," J.S. App. 58a, Judge Williams found that "the fit between the interest and the regulation is extremely weak." *Id.* He observed, *inter alia*, that "[b]ecause cablecasters now carry the vast majority of local stations . . ., the must-carry rules may have little effect, but where they have any, it will be only to replace the mix chosen by cablecasters—whose livelihoods depend largely on satisfying audience demand—with a mix derived from congressional dictate." J.S. App. 58a. With respect to the asserted interest in "the preservation of local broadcasting," *id.* at 60a, Judge Williams expressed doubt that the goal of promoting local programming would qualify as a legitimate compelling interest, given that government typically cannot select the issues to be communicated to the public and given that less restrictive means (like direct subsidies) are available to Congress. And, while he "assume[d] . . . as an abstract matter" that the interest in preserving access to free television is compelling, he found "no evidence that this access is in jeopardy." J.S. App. 61a-62a; *see also id.* at 65a ("we have *nothing* to connect the limited evidence of cable operators' actual conduct with any inference that a threat to broadcasting is imminent or serious").[9]

THE QUESTIONS ARE SUBSTANTIAL

This case involves a law that requires businesses providing "news, information, and entertainment" to the

[9] Judge Williams also considered, and rejected, the notion that cable television should be given the lesser degree of protection afforded to broadcasters, which make use of the scarce electromagnetic spectrum (*see National Broadcasting Co. v. United States*, 319 U.S. 190 (1943)). In light of less restrictive alternatives like leased access channels, Judge Williams saw no basis on which "Congress can constitutionally deny cable operators the ordinary rights of any First Amendment speaker." J.S. App. 71a.

public, *see Leathers v. Medlock*, 111 S. Ct. 1438, 1442 (1991), to include programming selected by the government in that material. By its terms, the must-carry statute orders all cable operators to select, as part of their mix of programming, the material offered on local broadcast stations, regardless of whether the operators would select that material voluntarily and regardless of whether other programmers are thereby prevented from being heard. This interference with speech is not the effect of applying a general law regulating the activities of all businesses—whether or not engaged in providing speech to the public—nor is it the effect of applying a neutral law regulating the time, place, and manner of speech. Rather, it is the result of a deliberate, focused effort by Congress to control the editorial choices made by cable operators—in order to assure that the programming expressly preferred by Congress (that of local broadcast stations) will gain the largest possible audience. The district court, refusing to subject the law to exacting scrutiny under the First Amendment, sustained the law, holding that it was "essentially economic regulation." J.S. App. 13a.

This conclusion, and many of the legal principles announced in reaching it, reflect a material departure from traditional protections afforded to freedom of speech and of the press. Although government may subject businesses engaged in speech to laws of general applicability without provoking strict judicial scrutiny, it is a different matter when government singles out the press (or part of the press) for special regulation and when that regulation gives the government power to control the content of speech. *See Minneapolis Star & Tribune Co. v. Minnesota Comm'r of Revenue*, 460 U.S. 575 (1983). Moreover, contrary to the views of the district court, there is no basis for saying that either the right of cable operators not to speak—the constitutional equal of the right to speak (*see Riley v. National Fed'n of the Blind of North Carolina, Inc.*, 487 U.S. 781 (1988))—or the right of operators and programmers to be free of government-mandated discrimination turns upon whether the government

compels the carriage of prescribed *messages* rather than the speech of particular *speakers* favored by the government. Yet, relying on these unfounded doctrines and suggesting that cable television is less deserving of First Amendment protection than other media, the court below engaged in only a highly deferential review of the asserted justifications for the must-carry law, declaring that "[f]ederal courts do not ordinarily review the adequacy of the record before Congress to support the laws it enacts." J.S. App. 15a.

These issues are substantial and of widespread importance. With the exception of broadcasters—whose rights are limited by the unique need to allocate the scarce frequencies of the electromagnetic spectrum—no member of the press has ever been subjected to a targeted law requiring it to devote a significant percentage of its capacity to speech selected by the government. Nor has this Court ever suggested that it is permissible for government to dictate that certain speakers be given preferred positions in the marketplace for speech at the expense of other competing speakers. Yet Congress, through the must-carry law, has done just those things and done so on the basis of a factual record that, viewed without the extraordinary deference given by the district court, makes quite clear that local broadcast stations are in no immediate danger of extinction at all. The decision below thus marks a dangerous and wrong-headed expansion of government power over speech. Full review by this Court is necessary to correct it.

1. The district court got off on the wrong foot by treating the must-carry law as "simply industry-specific antitrust and fair trade practice regulatory legislation," J.S. App. 13a, with at most a tangential effect on speech. *See id.* ("to the extent First Amendment speech is affected at all, it is simply a byproduct of the fact that video signals have no other function than to convey information"). Although the district court apparently thought that this characterization justified a lenient standard of

judicial review, the opposite is true: regulation singling out the press, and giving government the opportunity to dictate the content of its speech to the public, merits the most rigorous scrutiny.

This Court has recognized that cable television "is engaged in 'speech' under the First Amendment, and is, in much of its operation, part of the 'press.'" *Leathers v. Medlock*, 111 S. Ct. at 1442. "[T]hrough original programming or by exercising editorial discretion over which stations or programs to include in its repertoire, [a cable operator] seeks to communicate messages on a wide variety of topics and in a wide variety of formats." *City of Los Angeles v. Preferred Communications, Inc.*, 476 U.S. 488, 494 (1986). *See also FCC v. Midwest Video Corp.*, 440 U.S. 689, 707 (1979) (cable operators must exercise "a significant amount of editorial discretion regarding what their programming will include"). In that cable operators create and select programming to be provided to subscribers, "[c]able television partakes of some of the aspects of speech and the communication of ideas as do the traditional enterprises of newspaper and book publishers, public speakers, and pamphleteers." *City of Los Angeles v. Preferred Communications, Inc.*, 476 U.S. at 494. Cable programmers, in turn, provide much of the "news, information, and entertainment," *Leathers v. Medlock*, 111 S. Ct. at 1442, that cable operators elect to provide to their subscribers.

The fact that cable operators and programmers are part of the press does not mean, of course, that the First Amendment exempts their business activities from regulation. The press enjoys no "constitutional sanctuary" from economic regulation, *Associated Press v. United States*, 326 U.S. 1, 7 (1945), and regulation of business practices is not typically reviewed under exacting First Amendment standards. But that relaxed scrutiny has traditionally been applied to, and is only appropriate for, regulation carried out pursuant to general laws—*i.e.*, laws applicable to businesses generally, not just to the press.

Thus, while observing that it "ha[d] long upheld economic regulation of the press," *Minneapolis Star & Tribune Co. v. Minnesota Comm'r of Revenue*, 460 U.S. at 583, this Court has expressly noted that "[t]he cases approving such economic regulation . . . emphasized the general applicability of the challenged regulation to all businesses." 460 U.S. at 583. *See also Cohen v. Cowles Media Co.*, 111 S. Ct. 2513, 2518 (1991) (reviewing "decisions holding that generally applicable laws do not offend the First Amendment simply because their enforcement against the press has incidental effects on its ability to gather and report the news"). The requirement of "general applicability" acts as an inherent, essential check against the improper use of government power against the press: as the Court pointed out in the context of taxation of the press, "we need not fear that a government will destroy a selected group of taxpayers by burdensome taxation if it must impose the same burden on the rest of its constituency." *Minneapolis Star & Tribune Co. v. Minnesota Comm'r of Revenue*, 460 U.S. at 585 (citing *Railway Express Agency, Inc. v. New York*, 336 U.S. 106, 112-13 (1949) (Jackson, J., concurring)).

That inherent check is wholly absent, however, when government singles out the press for special regulation. In those circumstances, the decision to subject only the press to particular regulation necessarily raises the concern that Congress is not merely engaged in "economic regulation" but, rather, is employing legislation as a means of allowing it to achieve the largely forbidden goal of controlling what is said in the press. As the Court has said, "differential treatment, unless justified by some special characteristic of the press, suggests that the goal of the regulation is not unrelated to suppression of expression, and such a goal is presumptively unconstitutional." *Minneapolis Star & Tribune Co. v. Minnesota Comm'r of Revenue*, 460 U.S. at 585. *See also Church of the Lukumi Babalu Aye, Inc. v. City of Hialeah*, 61 U.S.L.W. 4587, 4593 (U.S. June 11, 1993) (No. 91-948) (striking down law under free exercise clause and indicating

that, where the "general applicability requirement" is at issue, there are "parallels" between the free exercise and speech and press clauses). Although it is enough that a targeted law may lead to indirect interference with speech (*e.g.*, the threat of more burdensome taxation in *Minneapolis Star*), the must-carry law embodies *direct* interference: it purposefully discriminates by enhancing the message of those holding broadcast licenses to the detriment of other speakers. Whether framed as "economic regulation" or not, that targeted effort should be upheld only if it is " 'necessary to serve a compelling state interest and . . . is narrowly drawn to achieve that end.' " *Burson v. Freeman*, 112 S. Ct. 1846, 1851 (1992) (quoting *Perry Educ. Ass'n v. Perry Local Educators' Ass'n*, 460 U.S. 37, 45 (1983)).

2. Although the district court held that the must-carry law was "essentially economic regulation," J.S. App. 13a, it ultimately acknowledged (albeit grudgingly) "[t]hat the First Amendment is to some extent implicated whenever a government endeavors to regulate a cable industry component," *id.*, finding it "a proposition now too well-established to reconsider." *Id.* The court then went on, however, to devalue the First Amendment interests at stake, finding hitherto unknown limitations on the right not to speak under government compulsion and the right to be free of government-compelled discrimination in the marketplace for speech. These limitations—applicable by their terms to all members of the press, not just to cable operators and programmers—are unprecedented and ill-founded.

a. This Court has recently made clear that, while "[t]here is certainly some difference between compelled speech and compelled silence, . . . in the context of protected speech, the difference is without constitutional significance, for the First Amendment guarantees 'freedom of speech,' a term necessarily comprising the decision of both what to say and what *not* to say." *Riley v. National*

Fed'n of the Blind, 487 U.S. at 796-97; *see Harper & Row Publishers, Inc. v. Nation Enters.*, 471 U.S. 539, 559 (1985). Thus, along with the familiar right not to be censored, "[t]here is necessarily, and within suitably defined areas, a concomitant freedom *not* to speak publicly, one which serves the same ultimate end as freedom of speech in its affirmative aspect.' " *Id.* at 559 (quoting *Estate of Hemingway v. Random House, Inc.*, 23 N.Y.2d 341, 348, 296 N.Y.S.2d 771, 776, 244 N.E.2d 250, 255 (1968)). This freedom, by its terms, is not limited to particular speakers or particular speech: "*all* speech inherently involves choices of what to say and what to leave unsaid." *Pacific Gas & Elec. Co. v. Public Utils. Comm'n*, 475 U.S. 1, 11 (1986) (plurality opinion).[10]

The right not to speak is, likewise, an inseparable part of freedom of the press. This Court has expressed its longstanding concern about any "compulsion exerted by government on a newspaper to print that which it would not otherwise print," *Miami Herald Publishing Co. v. Tornillo*, 418 U.S. 241, 256 (1974), noting that "[t]he clear implication" of its prior cases was "that any such compulsion to publish that which ' "reason" tells them should not be published' is unconstitutional." *Id.* (quoting *Associated Press v. United States*, 326 U.S. at 20 n.18). Although the law at issue in *Tornillo*—a statute requiring newspapers to print replies by political candidates to criticism in their pages—was defended on the ground that it would provide newspaper readers with a greater diversity of views, the Court nonetheless concluded that "[t]he choice of material to go into a newspaper, and the decisions made as to limitations on the size and content of the paper, and treatment of public

[10] The Court has allowed somewhat greater latitude for laws compelling statements in the area of commercial speech. *See, e.g., Zauderer v. Office of Disciplinary Counsel of Supreme Court*, 471 U.S. 626 (1985). It is clear, however, that the programming on cable television may not generally be treated as commercial speech. *See Leathers v. Medlock*, 111 S. Ct. at 1442 ("[c]able television provides to its subscribers news, information, and entertainment").

issues and public officials—whether fair or unfair—constitute the exercise of editorial control and judgment. It has yet to be demonstrated how governmental regulation of this crucial process can be exercised consistent with First Amendment guarantees of a free press as they have evolved to this time." 418 U.S. at 258.

Notwithstanding these established principles, the district court declined to give close scrutiny to the must-carry requirements, announcing that "[a] compulsory speech requirement, or one imposing upon the discretion of a speaker to say only what he wishes, it appears, is to be strictly scrutinized *only* if it appears that the government has prescribed the content—either the message or the subject matter—of the speech to be spoken." J.S. App. 16a (emphasis added). But this novel limitation cannot be squared with the most basic notions of freedom of speech. If full protection under the First Amendment depended upon whether "the government has prescribed the content—either the message or the subject matter—of the speech to be spoken," *id.*, then it would follow that the government, without strict judicial review, could direct every newspaper to commit a section of its pages to the publication of material submitted by particular writers, or compel bookstores to carry a specified amount of works published by "local" authors, or movie theatres to show films produced by designated movie studios. Under the theory adopted by the district court, none of those mandates would dictate the "message or subject matter" of the speech, yet each would cut deeply into the right of newspapers, booksellers, and movie theatres to choose what they will offer to the public. The freedom not to speak under "compulsion exerted by government" (*Miami Herald Publishing Co. v. Tornillo*, 418 U.S. at 256) is a freedom from the compulsion itself: it does not come and go depending upon the particular speech to be compelled. *See Columbia Broadcasting Sys., Inc. v. Democratic Nat'l Comm.*, 412 U.S. 94, 124-25 (1973) ("[f]or better or for worse, editing is what editors are for; and editing is selection and choice of material").

The illogic of the district court's new rule is demonstrated, in fact, by the law at issue here. Whatever face Congress may put upon it, the fact remains that, by ordering cable operators to distribute the speech of certain broadcast stations, Congress is changing the nature of the speech provided by cable operators to their subscribers: "[M]andating speech that a speaker would not otherwise make necessarily alters the content of the speech," *Riley v. National Fed'n of the Blind*, 487 U.S. at 795, and, for that reason, laws compelling speech are necessarily considered "as a content-based regulation of speech." *Id.* at 795. Thus, even though the prescription of speech here is ostensibly defined in terms of the speakers, rather than the speech itself, the government nevertheless is exerting direct control over the content of speech. That interference is properly subject to strict judicial review. *See id.*

b. The district court also lessened the protections against actions by government that discriminate against some speakers in order to promote the speech of others. The must-carry law, by its terms, creates two classes of speech: the speech of local broadcast stations, which is *guaranteed* access to certain cable channels, and the speech of cable programmers and other speakers, which must compete for access to a proportionately diminished number of channels. But "the concept that government may restrict the speech of some elements of our society in order to enhance the relative voice of others is wholly foreign to the First Amendment . . . ." *Buckley v. Valeo*, 424 U.S. 1, 48-49 (1976). As a consequence, "distinguishing among types of speech requires that the statute be subjected to strict scrutiny." *Burson v. Freeman*, 112 S. Ct. at 1855.

The district court, however, again refused to apply strict scrutiny to the must-carry law, declaring that " 'speaker-partial' regulations, or those that purportedly favor one group of speakers at the expense of others, . . . are not subject to strict scrutiny unless they are content-

based." J.S. App. 17a. *See also id.* at 18a ("Speaker partiality alone, however, absent evidence that the government's distinction between groups of speakers is related to what the speakers are saying, is insufficient to trigger strict scrutiny."). But this narrow reading of the doctrine against discrimination appears to start from an assumption that it is normally acceptable for the government to decide which speakers should be heard and which should not. That notion gets matters precisely backwards: in fact, except when government is itself funding speech through grants or subsidies, it is presumptively invalid for the government to decide who may speak and who may not. " '[T]he constitutional right of free expression is . . . intended to remove governmental restraints from the arena of public discussion, putting the decision as to what views shall be voiced largely into the hands of each of us . . . .' " *Leathers v. Medlock*, 111 S. Ct. at 1444 (quoting *Cohen v. California*, 403 U.S. 15, 24 (1971)). Absent compelling reasons, therefore, it is simply not the business of government to reorder the private marketplace for speech, commanding that certain favored speakers be given preferred access to their listeners and other disfavored speakers be left to fend for themselves. Whether the government legislates discrimination because it prefers certain speech, or just because it prefers certain speakers, does not change the illegitimate nature of the intrusion.[11]

In any event, the refusal of the district court to apply strict scrutiny was mistaken even under its own novel test, because the preference for local broadcasters embodied in the must-carry provisions is plainly "content-based." In enacting the must-carry law, Congress expressly sought to ensure dissemination of speech that

[11] As Judge Williams pointed out in his dissent: "Given the finite number of cable channels, replacement of the cablecaster's choice of programs with those of local broadcasters suppresses the alternative programs as completely as if Congress had ordered them shut down; there is nothing 'incidental' [*see O'Brien*, 391 U.S. at 376-77] about the burden." J.S. App. 55a (footnote omitted).

"educat[es]" citizens in a manner endorsed by the government. Findings ¶ 7 (noncommercial stations). Similarly, Congress deemed local broadcast stations entitled to preference because of its belief that they present "local news and public affairs programming and other local broadcast services critical to an informed electorate." *Id.* ¶ 11. *See also* S. Rep. No. 92, 102d Cong., 1st Sess. 59 (1991) (expressing concern that failure of broadcasters will reduce "local public service programming" and "lead to diminished diversity of opinion"); H.R. Rep. No. 628, 102d Cong., 2d Sess. 64 (1992) (same). As Judge Williams pointed out, Congress acted to promote the speech of local broadcasters—at the direct expense of cable programmers—because the government has deemed the specific content of broadcasters' speech to be "especially worthy." J.S. App. 53a (Williams, J., dissenting). It thus cannot be said that the purposes of the provisions are "unrelated to the content of expression," or that the carriage requirements are " '*justified* without reference to the content of the regulated speech.' " *Ward v. Rock Against Racism*, 491 U.S. 781, 791 (1989) (citation omitted).[12]

c. The district court also referred, in a footnote, to "its conclusion that contextual factors unique to cable require relaxed First Amendment scrutiny of the must-carry provisions even if marginally content-related . . . ." J.S. App. 22a n.25; *see id.* at 20a (listing characteristics "unique to the way the industry has evolved and is presently structured"). But, while this Court has said that

[12] While Congress did not mention the fact, it is worth noting that the class of programming favored by Congress is the same programming over which Congress exercises the greatest degree of control. Congress not only appropriates funds to support noncommercial broadcast stations; it also imposes, in exchange for the free award of scarce broadcast licenses, legislative requirements on the programming of commercial broadcast stations. *See, e.g.*, 47 U.S.C. § 303b(a)(2) (children's programming); Pub. L. No. 102-356 § 16(a), 106 Stat. 954, Aug. 26, 1992, *to be codified at* 47 U.S.C. § 303 (Indecent Programming Restrictions).

"[e]ach medium of expression . . . must be assessed for First Amendment purposes by standards suited to it, for each may present its own problems," *Southeastern Promotions, Ltd. v. Conrad*, 420 U.S. 546, 557 (1975), it has emphasized that "the basic principles of freedom of speech and the press, like the First Amendment's command, do not vary. Those principles . . . make freedom of expression the rule." *Joseph Burstyn, Inc. v. Wilson*, 343 U.S. 495, 503 (1952). Indeed, the district court itself noted that, the maxim about different media notwithstanding, this Court "has infrequently invoked unique media characteristics to justify relaxed scrutiny of content-based regulations." J.S. App. 21a n.24. It would seem to go almost without saying, therefore, that, whatever differences may exist among various media, any categorical dilution of First Amendment rights is to be undertaken only under compelling circumstances.

There is nothing in the nature of cable television as a medium of communication—and nothing identified by the court below—that would justify a watering-down of its First Amendment rights. Although the district court correctly noted that cable operators (unlike many members of the press) commonly make special use of public rights-of-way,[13] *see* J.S. App. 20a, perhaps suggesting an analogy to use of frequencies by broadcasters, the circumstances are, in fact, very different. The justification for greater regulation of broadcast licensees is not simply that they make use of public property (*i.e.*, the airwaves) or that it would be inconvenient or burdensome for the government to allow duplicative access to those airwaves: it is that it would be *impossible* to allow duplicative access.

[13] The use of public property or rights-of-way, in and of itself, would not seem a promising basis for justifying laws dictating the content of speech. For example, even if a city could refuse to allow any newsboxes on its streets, it would not be able to grant permission subject to a requirement that the favored newspapers publish material approved by the City. *See City of Lakewood v. Plain Dealer Publishing Co.*, 486 U.S. 750 (1988); *City of Cincinnati v. Discovery Network, Inc.*, 113 S. Ct. 1505 (1993).

As this Court has explained, "only a tiny fraction of those with resources and intelligence can hope to communicate by radio at the same time if intelligible communication is to be had." *Red Lion Broadcasting Co. v. FCC*, 395 U.S. 367, 388 (1969). No one could credibly argue that the same problem exists in the cable industry. *Home Box Office, Inc. v. FCC*, 567 F.2d at 46 ("there is no readily apparent barrier of physical or electrical interference to operation of a number of cable systems in a given locality"). Cable operators' ability to speak—like that of fledging newspapers—is limited by economic concerns, not physical ones.[14]

It would be a step of enormous gravity to hold that the protections afforded by the First Amendment apply with less force to an emerging member of the media, especially one to whom the unique conditions of spectrum scarcity do not pertain. To the extent that cable television differs in some respects from newspapers, magazines, movie theatres and other traditional members of the press, those differences can be taken into account in determining whether government has demonstrated an overriding interest in the particular regulation at issue. They should not, however, provoke a wholly new standard of scrutiny

[14] None of the other factors mentioned by the district court justifies distinguishing cable television from those media fully protected by the First Amendment. For example, it is hardly distinctive that cable television competes for advertising; newspapers and magazines do the same. Nor is diminished constitutional protection warranted because there is commonly only one cable operator in a given locality. Most towns have only one movie theatre and, as the Court noted in *Tornillo*, most communities are served by only one daily newspaper. 418 U.S. at 249 n.13. Indeed, the proponents of an enforced right of access in *Tornillo* pointed to "dominant features of a press that has become noncompetitive and enormously powerful," manifested by such characteristics as "[c]hains of newspapers, national newspapers, national wire and news services, and one-newspaper towns" and a "monopoly controlled by the owners of the market" (*id.* at 249, 251). But the Court held that all such indicia of economic concentration were insufficient to uphold compelled access to the press or to justify governmental intrusion upon the editorial function. *Id.* at 256, 258.

under the First Amendment, permanently tilted in favor of more expansive government regulation and against full-fledged freedom of speech. And, in any event, there is *no* difference between cable television and those media given full protection that would justify allowing the government to dictate the content of speech that must be provided by cable television to its subscribers. *See* J.S. App. 54a-56a (Williams, J., dissenting).

3. Having decided that the must-carry law need not be reviewed according to the most exacting standards, the district court, in fact, gave the asserted justifications for the law almost no independent scrutiny at all. Rather than assess for itself the fit between legislative ends and means, the court simply deferred to Congress with respect to whether the must-carry provisions were necessary. The lack of meaningful judicial review would be error even under the less demanding *O'Brien* test. It was wrong *a fortiori* under strict scrutiny.

This Court has often stressed the importance of subjecting restrictions on speech to independent judicial review, saying that "[d]eference to a legislative finding cannot limit judicial inquiry when First Amendment rights are at stake." *Landmark Communications, Inc. v. Virginia*, 435 U.S. 829, 843 (1978); *see also Sable Communications of California, Inc. v. FCC*, 492 U.S. 115, 129 (1989); *NAACP v. Claiborne Hardware Co.*, 458 U.S. 886, 915 (1982). Indeed, were the courts barred from going beneath the surface of congressional findings, "[t]he scope of freedom of speech and the press would be subject to legislative definition and the function of the First Amendment as a check on legislative power would be nullified." 435 U.S. at 844; *see also Lamprecht v. FCC*, 958 F.2d 382, 392 n.2 (D.C. Cir. 1992). Although the Court has at times spoken of giving deference to Congress' factual findings, *see Walters v. National Ass'n of Radiation Survivors*, 473 U.S. 305, 331 n.12 (1985); *Metro Broadcasting, Inc. v. FCC*, 497 U.S. 547, 569 (1990), it has made clear that "whatever deference is due legislative findings would not foreclose [this Court's] independent judgment of the facts bearing on an issue of constitutional law . . . ." *Sable Communications of California, Inc. v. FCC*, 492 U.S. at 129. The need for independent judgment is particularly apparent here, given that prior must-carry rules have twice been found to have little grounding in fact, *see* pages 4-6 *supra*, and that the current rules are prophylactic, not corrective, in nature. *See NAACP v. Button*, 371 U.S. 415, 438 (1963) (citations omitted) ("[b]road prophylactic rules in the area of free expression are suspect").

The court below, however, repeatedly stressed "the deference this Court should accord to the factfinding abilities of the nation's legislature." J.S. App. 26a; *see also id.* at 27a (court "unwilling to second-guess Congress' determination that the must-carry provisions are necessary to accomplish its objective.") If this sort of exaggerated deference is put aside, it is clear that the supposed threat to local broadcasters, far from being present and concrete, is speculative if not fanciful.[18] Congress itself found that "the most popular programming on cable systems, and a substantial portion of the benefits for which consumers pay cable systems is derived from carriage of [broadcast signals]." Findings ¶ 19. It is not surprising, therefore, that, following the invalidation of the original must-carry rules, cable operators did not elect to drop local broadcasters to any significant degree. Indeed, the FCC survey said by Congress to show "a serious problem," S. Rep. No. 92 at 43, actually found that only one in five cable operators had refused carriage to even one broadcast station within the scope of the survey.

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[18] Indeed, if there were genuine concern about the continued availability of broadcast programming on cable systems, it is difficult to see why Congress, in the same statute, would give to broadcast stations a new privilege to *refuse* to allow cable systems to show their programming. *See* note 6 *supra*. To the extent that local stations withhold consent to retransmission, they are undercutting the very goals that Congress is ostensibly seeking to advance by the must-carry requirement.

See FCC Mass Media Bureau, *Cable System Broadcast Signal Carriage Survey Report* 10 (Sept. 1, 1988) (filed by NAB as Attachment B to Affirmation of Jack N. Goodman). Overall, as Congress observed, the survey indicated a nationwide total of "3,600 instances" of non-carriage of a local station, S. Rep. No. 92 at 43, but that number, deceptively large when viewed in isolation (as Congress viewed it, *ibid.*), actually amounts to a non-carriage rate of 5% (approximately 8500 cable systems were then carrying an average of eight broadcast stations each). *See* J.S. App. 64a (Williams, J., dissenting); *Cable System Broadcast Signal Carriage Survey Report* 4; NCTA's Statement of Material Facts ¶ 18. In short, as the House Report acknowledges, "[t]he Committee has not found that cable systems are engaging in a widespread pattern of denying carriage of local television stations . . . ." H.R. Rep. No. 628 at 52. *See also* J.S. App. 63a (Williams, J., dissenting); NCTA Statement of Material Facts as to Which There Is No Genuine Issue ¶ 8 (the average U. S. cable system actually carried *more* local broadcast signals in 1990 than in 1986).[16]

Far from being imperiled, in fact, broadcasting has flourished in the years since invalidation of the must-carry rules in *Quincy*: "the number of commercial broad-

[16] It is also highly likely that, if broadcast television, including the networks, were not available on cable systems, consumers would then use inexpensive switching devices and antennas, which would readily make available both cable programming and over-the-air broadcast programming. While it is true, as Congress found, that this technology is not used when the overwhelming majority of broadcast stations *are* voluntarily carried on cable systems, it hardly follows that it would not be used if broadcasting—"the most popular programming on cable systems" (Findings ¶ 19)—were otherwise massively unavailable. *See* J.S. App. 66a (Williams, J., dissenting). To the contrary, "[c]ommon sense suggests that consumers who want to receive an off-the-air channel will quickly observe that they may need to purchase (or reconnect) antennas should their cable system cease offering their favorite broadcast stations." *Century Communications*, 835 F.2d at 301 (internal quotation omitted).

cast stations has increased by 22% (from 919 to 1118), the number of educational broadcast stations by 15% (from 316 to 363), and the number of cities receiving broadcast television by 16% (from 514 to 594)." *See* J.S. App. 62a (Williams, J., dissenting) (citing NCTA Statement of Material Facts ¶¶ 12-14.)[17] This significant expansion took place at least partially *because of* the growth of cable television, and despite the purported "economic incentive" of cable operators "to delete, reposition, or not carry local broadcast signals." Findings ¶ 16. That incentive, to the extent that it exists at all, is thus clearly overcome by the economic incentive to carry the vast majority of broadcast signals.[18]

4. These issues are of great practical, as well as doctrinal, importance. The requirements of the must-carry law control the programming of every cable operator throughout the nation. They prevent every cable operator from deciding, voluntarily, what programming it will offer to its subscribers, thus invading each operator's editorial prerogatives. No less offensively, the must-carry requirements deprive cable programmers of the opportunity to communicate their messages on terms of equality with broadcasters and other speakers competing for space on cable systems.

[17] The fact that broadcast stations are increasing in number casts grave doubt on the theory that cable operators maintain, and will exploit, a "bottleneck" over transmission of video programming. The ability of broadcast stations to reach their viewers without significant impediment indicates either that transmission by cable systems is not essential to their success or that cable systems are carrying the great majority of them. *See* P. Areeda & H. Hovenkamp, Antitrust Law § 736.2, at 847 (1992 Supp.).

[18] The district court also gave little consideration to the availability of other means of preserving the system of local broadcasting. For example, if local broadcasters ever faced genuine financial hardship, Congress could provide subsidies to the stations, as it does in partial form now through the grant of free broadcast licenses. *See* J.S.App. 66a (Williams, J., dissenting).

The decision below is significant for another reason as well: while it was less than fully explicit on the point, the court below quite plainly regarded cable television as less deserving of full First Amendment protection than other forms of communication. Although many of the First Amendment doctrines pronounced by the court below would apply on their face to newspapers and other traditional members of the press, it is hard to imagine that the federal courts would allow Congress to impose comparable requirements on other, more traditional media. *See Turner Broadcasting Sys., Inc. v. FCC*, 113 S. Ct. 1806, 1807-08 (1993) (Rehnquist, C.J., in chambers) ("[u]nder *Tornillo*, Congress plainly could not impose the must-carry provisions on privately owned newspapers"). Yet, the basic principles of the First Amendment—the belief that government should not decide who may speak or what they may say—are no less applicable to new forms of speech than to old forms. The decision below marks a serious departure from those principles and warrants plenary review by this Court.

CONCLUSION

The Court should note probable jurisdiction.

Respectfully submitted,

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APPENDICES

APPENDIX A

UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF COLUMBIA

Civil Action No. 92-2247

TURNER BROADCASTING SYSTEM, INC., *et al.*,
Plaintiffs,

v.

FEDERAL COMMUNICATIONS COMMISSION, *et al.*,
Defendants.

Civil Action No. 92-2292

DANIELS CABLEVISION, INC.,
Plaintiff,

v.

UNITED STATES OF AMERICA,
Defendant.

Civil Action No. 92-2494

TIME WARNER ENTERTAINMENT COMPANY, L.P.,
Plaintiff,

v.

FEDERAL COMMUNICATIONS COMMISSION, *et al.*,
Defendants.

Civil Action No. 92-2495

NATIONAL CABLE TELEVISION ASSOCIATION, INC.,
Plaintiff,

v.

UNITED STATES OF AMERICA, *et al.*,
Defendants.

Civil Action No. 92-2558

DISCOVERY COMMUNICATIONS, INC., *et al.*,
Plaintiffs,

v.

UNITED STATES OF AMERICA, *et al.*,
Defendants.

MEMORANDUM AND ORDER

[Filed Apr. 8, 1993]

Before WILLIAMS, Circuit Judge, JACKSON and SPORKIN, District Judges.

THOMAS PENFIELD JACKSON, District Judge.

Sections 4 and 5 of the Cable Television Consumer Protection and Competition Act of 1992, Pub. L. No. 102-385, 106 Stat. 1460 (to be codified at 47 U.S.C. §§ 534 & 535) ("the 1992 Cable Act" or "the Act") require cable television system operators to carry the video signals of certain commercial and non-commercial educational television broadcast stations requesting that their signals be carried. The plaintiffs in these five consolidated lawsuits contend that these mandatory carriage (or "must-carry") provisions violate their First Amend-

ment rights. Upon consideration of the entire record,[1] the Court holds that sections 4 and 5 of the 1992 Cable Act do not violate the plaintiffs' First Amendment rights.

Background

On October 5, 1992, Congress overrode a Presidential veto to enact the 1992 Cable Act. The Act subjects the cable industry to extensive regulation. Among other things, it subjects certain cable system operators to rate regulation by the FCC and by municipal franchising authorities; it imposes restrictions on distributors of cable programming that are affiliated with cable operators; and it directs the FCC to promulgate regulations imposing minimum technical standards for operators of cable systems.

Sections 4, 5, and 6 of the Act limit the freedom of cable operators to refuse to carry the signals of local broadcast stations, and, as a corollary, prevent cable operators from carrying broadcast signals without a broadcaster's consent.[2] The plaintiffs' constitutional challenge

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[1] During the pendency of this litigation, no fewer than 16 parties have sought to intervene as plaintiffs or defendants. These applications have been held in abeyance, but all of these applicants, together with several *amicus curiae* applicants, have been granted leave to participate herein as *amici*. All applicants for intervention have been permitted to file motions and memoranda as exhibits to their motions for intervention, and the Court has considered the entire record amassed in this case. The Court has, contemporaneously with the filing of this opinion, issued an order granting all pending motions for intervention insofar as the applicants seek to challenge or defend the must-carry provisions.

[2] "Broadcast" stations reach their viewers by transmitting electromagnetic waves through the air for interception by television receivers, usually equipped with antennas. Other entities in the business of producing video images, generically referred to herein as "programmers," do not have access to the electromagnetic spectrum, and must find alternative means by which to reach viewers. Most often, programmers will arrange to have their signals transmitted by satellite to receptor dishes across the world. Cable "oper-

to these three sections is the matter presently to be addressed by this opinion.

Section 4 of the Act requires all cable system operators with more than 12 channels to carry, upon request, the signals of licensed "local" commercial broadcast television stations whose signal is received over-the-air in the same television market as the cable system.[3] The operator need not devote more than one-third of its active useable channels to deliver local broadcast signals, but if there are not enough local broadcast stations to fill the one-third set-aside, the operator must carry the signal of one or two "qualified" low power broadcast stations.[4] Cable systems with 12 or fewer channels must deliver the signals of at least three local commercial broadcast stations unless the cable system has 300 or fewer subscribers, in which case it is not subject to the requirements of section 4 at all. An operator must carry the entire programming schedule of each commercial station it is required to

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ators" develop a package of programming services by creating their own programming, by capturing the satellite signals of different programmers, and by capturing the broadcast signals of local and distant broadcasters on master antennas. These programming packages are generally sent by cable operators to their subscribers by coaxial cables strung along public rights-of-way.

[3] An operator's television market is defined by regulation, *see* 47 C.F.R. § 73.3555(d)(3)(i) (1992), but the FCC is empowered to make special market determinations upon request, *see* 1992 Cable Act § 4 (definitions) (to be codified at 47 U.S.C. § 533(h)(1)(C)).

[4] Low power television stations are small broadcast operations with a limited geographic transmission range. These stations are licensed on a secondary basis; they cannot interfere with the signals of any full power station and must give way to any full power station attempting to occupy the same frequency. *See generally* 47 C.F.R. §§ 74.701-74.781 (1992); In the Matter of An Inquiry into the Future Role of Low Power Television Broadcasting and television Translators in the National Telecommunications System, BC Docket No. 78-253, 51 Rad. Reg. 476 (P & F) (April 26, 1982) [hereinafter *1982 LPTV Inquiry*].

carry, and it may not accept or request payment for doing so. Every commercial broadcast station having a right to mandatory carriage must be carried by the cable operator, at the station's election, on its current over-the-air channel position, at the channel position it occupied on July 19, 1985, or at the channel position it occupied on January 1, 1992.

Section 5 of the Act requires operators of cable systems able to deliver signals on more than 36 channels to carry the signals of every local non-commercial educational broadcast television station requesting carriage,[5] unless the educational station's programming substantially duplicates that of another station carried by the system. Systems with 12 or fewer channels must carry one qualified non-commercial station, and systems having 12 to 36 channels must carry between one and three such stations. Section 5, like section 4, directs cable system operators to carry the entire programming schedule of the broadcast stations they are required to carry, and similarly prohibits operators from accepting payment in exchange for carriage. Each non-commercial station having a mandatory carriage right must be carried, at its election, on its current over-the-air channel position or on its channel position as of July 19, 1985.

Section 6 of the Act, which becomes effective on October 5, 1993, prohibits cable operators from retransmitting the signals of any commercial broadcasting station without obtaining the station's consent. In conjunction with section 4, section 6 provides local broadcasters with an option to request mandatory (but uncompensated) carriage on a system or to negotiate a carriage

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[5] A qualified noncommercial educational station is (1) a station licensed by the FCC as such, owned by a public agency or nonprofit entity, and eligible to receive a grant from the Corporation for Public Broadcasting; or (2) a station owned and operated by a municipality which transmits predominantly noncommercial programs for educational purposes. 1992 Cable Act § 5 (definitions) (to be codified at 47 U.S.C. § 535(l)(1)).

agreement with the operator. (Presumably, cable operators will want to carry the signals of larger, viewer-popular broadcasters and will pay for the privilege;[6] less popular broadcasters will be able to force their carriage by making a carriage demand under section 4.).

On the same day that the 1992 Cable Act became law, Turner Broadcasting System, Inc., the owner of several cable programming operations, brought this case against the FCC and the United States, challenging sections 4, 5, and 6 as unconstitutional under the First Amendment, asking for declaratory and injunctive relief.[7] Within the ensuing five weeks, four other plaintiff groups—comprised of cable system operators and programmers—brought similar suits seeking similar relief.[8] In addition to challenging sections 4, 5 and 6 of the Act, two of these plaintiff groups brought First Amendment challenges to multiple other provisions of the 1992 Act and to certain provisions of the Cable Communications Policy Act of 1984, Pub. L. No. 98-549, 98 Stat. 2782 ("the 1984 Act").[9] This three-judge U.S. District Court ("the Court" or "this Court") was convened pursuant to § 23 of the 1992 Cable Act, which commands that a three-judge court hear "any civil action challenging the constitutionality of section [4] or [5]" of the 1992 Act.

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[6] Prior to the 1992 Act, cable operators were free to carry the signals of local broadcasters subject only to the "compulsory license" provisions of the copyright law. *See* 17 U.S.C. § 111 (1988). Under these provisions, operators may transmit broadcast signals if they pay royalty fees determined pursuant to an administrative schedule.

[7] *Turner Broadcasting Sys., Inc. v. FCC*, CA No. 92-2247. Turner later amended its complaint to add several additional cable programmers as plaintiffs.

[8] *Daniels Cablevision, Inc. v. United States*, CA No. 92-2292; *Time Warner Entertainment Co. v. FCC*, CA No. 92-2494; *National Cable Television Assoc. v. United States*, CA No. 92-2495; *Discovery Communications, Inc. v. United States*, CA No. 92-2558.

[9] *Time Warner*, CA No. 92-2494; *Discovery*, CA No. 92-2558.

On November 23, 1992, this Court consolidated these five cases for the "purpose of determining issues related to the constitutionality of sections 4 and 5 of the [Act], and any matters determined to be ancillary thereto." *Turner Broadcasting Sys., Inc. v. FCC*, CA No. 92-2247, order at 2 (D.D.C. Nov. 23, 1992) (three-judge court). Four of the five plaintiff groups filed comprehensive preliminary injunction motions, but a hearing on those motions as to the must-carry provisions was postponed indefinitely upon the Court's approval of the parties' assent to a "standstill order" proposed by the parties. *See id.*, standstill order (D.D.C. Dec. 9, 1992) (three-judge court). On December 15, 1992, this Court declined to exercise jurisdiction over any claim other than the must-carry claims, *see Turner Broadcasting Sys., Inc. v. FCC*, 810 F. Supp. 1308 (D.D.C. 1992) (three-judge court).[10]

The matter, i.e., the constitutionality of sections 4 and 5, is now before the Court on motions for summary judgment of all five plaintiff groups; on the cross-motions for summary judgment of several intervenor-defendants; on the federal defendants' cross-motion to dismiss; on an intervenor-plainiff's motion for preliminary injunction of sections 4 and 5 on "religion clause" grounds; and on an intervenor-defendant's motion for summary judgment on a cross-claim.

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[10] All motions for preliminary injunction with respect to sections other than 4 and 5 were denied by the single-judge district court. *See Time Warner Entertainment Co. v. FCC*, 810 F. Supp. 1302 (D.D.C. 1992) (Jackson, J.). A decision in these cases on the merits is forthcoming.

All of the plaintiffs challenge section 6, the retransmission consent provision, on the ground that it is not severable from section 4, and must be struck if section 4 is declared unconstitutional. Because the Court holds that section 4 is constitutional, plaintiffs' challenge to section 6 must fail, and the Court expresses no opinion on the severability issue. One of the plaintiffs, Daniels Cablevision, has brought an independent constitutional challenge to section 6. Pursuant to the Court's jurisdictional ruling, this challenge is before the single-judge court.

I.

The plaintiff cable system operators and programmers contend that the must-carry provisions are, on their face, violative of their First Amendment rights to freedom of speech. The primary evil of those provisions, they assert, is that they force cable system operators to devote a portion of their finite signal-carrying capacity to deliver the signals of a privileged class of competing "speakers," i.e., over-the-air broadcasters, thus diminishing the number of channels remaining available to them for other programming they might prefer to carry. Must-carry also violates the First Amendment rights of the operators, they say, because it inhibits the operators' "editorial discretion" to determine what programming messages to provide to their subscribers,[11] compelling them perforce to deliver some programming they might otherwise choose not to carry. And the programmers argue that must-carry exalts broadcasters to preferred status as "speakers" by awarding them favored cable channel positions the programmers covet.

The concept of governmentally ordained mandatory carriage of broadcast signals is not a novel threat to the cable industry. The FCC first began to experiment with must-carry rules in the early 1960s.[12] The perceived need for must-carry today is based on the same premise that gave rise to it then: that local broadcast stations, unable to secure carriage on cable systems serving the same viewer markets, will, over time, lose their audiences and perish. *Compare* 1992 Cable Act § 2(a)(15) *and* S. Rep. No. 92, 102d Cong., 1st Sess. 42-46 *and* H.R. Rep. No. 628, 102d Cong., 2d Sess. 50-57 (*with Rules Re*

[11] The plaintiffs note that the 1992 Act not only requires operators to carry local broadcast stations, it requires operators to carry these stations on a "basic service tier" that must be made available to all subscribers. 1992 Cable Act § 3(a) (to be codified at 47 U.S.C. § 543(b)(7)(A)).

[12] The early development of must-carry regulation is comprehensively traced in *Quincy Cable TV, Inc. v. FCC*, 768 F.2d 1434, 1438-43 (D.C. Cir. 1985), *cert. denied*, 476 U.S. 1169 (1986).

Microwave-Served CATV, Dockets Nos. 14895 and 15233, 38 F.C.C. 683 ¶ 51, 57, 58-82 (1965). As the audiences of broadcasting stations decline, so the reasoning goes, their advertising revenues will decrease correspondingly. Local over-the-air broadcasting operations, once they become unprofitable, will expire. Cable carriage of local broadcasting was then and is still now thought by its proponents to be essential not merely to ensure the continuing availability of programming with a "local" flavor to cable system subscribers, but also to preserve the vitality of a free source of over-the-air programming to television viewers unwilling or unable to obtain a cable connection.

Not surprisingly, the parties have expended considerable effort and resources arguing over the level of First Amendment scrutiny to be applied to speech regulation in the cable context. The plaintiffs contend that the must-carry provisions must be subjected to exacting First Amendment scrutiny; if they are not *per se* unconstitutional, they are assuredly permissible only if found to have been precisely drawn to serve a compelling government interest, and to go no further. *See, e.g., Sable Communications v. FCC*, 492 U.S. 115, 126 (1989); *Minneapolis Star & Tribune Co. v. Minnesota Comm'r of Revenue*, 460 U.S. 575, 585 (1983). The defendants respond that if the First Amendment is implicated at all in this case, the must-carry provisions need only be judged by the interest-balancing traditionally applied to content-neutral speech regulation or legislation ostensibly unrelated to expression that is discovered to impose incidental burdens on speech. The nature of this inquiry, originating in *United States v. O'Brien*, 391 U.S. 367 (1968), and refined in *Ward v. Rock Against Racism*, 491 U.S. 781 (1989), is to uphold such regulation when shown to promote a significant government interest and not to burden substantially more speech than necessary to vindicate that interest. *Rock Against Racism*, 491 U.S. at 799.

II.

In 1989, Congress began the first in a series of several hearings to assess the video programming distribution landscape in light of the 1984 Cable Act.[13] After an exhaustive fact-finding process including hearings held over three years,[14] the 1992 Act was passed.[15] Congress' principal finding was that, for a variety of reasons, concentration of economic power in the cable industry was preventing non-cable programmers from effectively competing for the attention of a television audience. *See* 1992 Cable Act §§ 2(a)(2), (4), & (15). *See generally* 1992 Cable Act § 2(a); 1991 S. Rep. No. 92; 1992 H.R. Rep. No. 628, 102d Cong., 2d Sess. (1992); H.R. Rep. No. 862 (conference report).

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[13] *See Media Ownership: Diversity and Concentration: Hearing before the Subcommittee on Communications of the Senate Committee on Commerce, Science and Transportation*, 101st Cong., 1st Sess. (1989) [hereinafter *Hearing of June 1989*].

[14] *See, e.g., Hearings before the Subcommittee on Telecommunications and Finance of the House Committee on Energy and Commerce*, 102d Cong., 2d Sess. (1991); *S. 12: Hearing before the Subcommittee on Communications of the Senate Committee on Commerce, Science and Transportation*, 101st Cong., 1st Sess. (1991); *"Must-Carry:" Hearing before the Subcommittee on Communications of the Senate Committee on Commerce, Science and Transportation*, 101st Cong., 1st Sess. (1989) [hereinafter *Hearing of October 25, 1989*]. *See generally* 1991 S. Rep. No. 92 at 3-5 (1991) (discussing the 11 Senate hearings, held over two years, related to cable television); Debates, 138 Cong. Rec. S400, S635 (statement of Sen. Inouye) (daily ed. Jan. 30, 1992) ("[T]he bill before us is the result of 18 days of hearings and 113 different witnesses. We have had countless numbers of communications experts and lawyers look over the measure. We have conferred with, in addition to the 113 witnesses, at least 500 knowledgeable citizens.")

[15] *See generally* 1991 S. Rep. No. 92; 1992 H.R. Rep. No. 628 (1992); 1992 H.R. Rep. No. 862, 102d Cong., 2d Sess. (1992) (conference report).

Congress specifically found that cable had become the "dominant nationwide video medium." 1992 Cable Act § 2(a)(3); *see* 1991 S. Rep. No. 92 at 3. Almost 56,000,000 households—60 percent of the households with televisions—receive cable television, 1992 Cable Act § 2(a)(3), and cable service is available to almost 90% of the nation, 1991 S. Rep. No. 92 at 3. In those homes receiving video signals by cable, cable has all but supplanted over-the-air broadcast television reception. 1992 Cable Act § 2(a)(17).

Congress also found that despite the dominance of cable, there is insufficient competition within the cable industry. First, there is little competition between cable operators. For many reasons "including local franchising requirements and the extraordinary expense of constructing more than one cable television system to serve a particular geographic area," most regions of the country are served by one cable operator only. 1992 Cable Act § 2(a)(2).[16] Second, the industry has become horizontally concentrated—many operators share common ownership. *See* 1992 Cable Act § 2(a)(4).[17] Third, the industry is becoming vertically integrated. 1992 Cable Act § 2(a)(5). Many large entities that operate cable franchises also own and operate programming enterprises. *Id.*; *see also FCC Report, supra* note 16, at ¶¶ 77-80.

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[16] Evidence received by Congress indicated that less than 1% of the cable operators in the nation face competition from other operators. *Federal Communications Commission Report*, MM Docket No. 89-600 ¶ 98 [hereinafter *FCC Report*]; *Hearing of October 25, 1989, supra* note 14, at 40. *See generally* Debates, 138 Cong. Rec. S400, S436 (comments of Sen. Gorton) (daily ed. Jan. 30, 1992) (stating that although there are 11,000 cable operators, in the nation, there are only 53 communities which are served by more than one).

[17] *See also Hearings of June 1989, supra* note 13, at 78 (testimony of Prof. Bagdikian) (testifying that the operators serving one-third of the cable subscribers in the nation are owned by two cable companies).

Congress determined that geographic monopolization, horizontal concentration and vertical integration have created barriers to entry for non-cable programmers, primarily broadcasters, attempting to obtain carriage on cable. Vertical integration contributes to this cable "bottleneck" by providing cable operators with economic incentive to grant affiliated programmers access to their systems while denying it to others. 1992 Cable Act § 2 (a)(5). Similarly, horizontal concentration and the absence of effective competition among operators have obstructed broadcaster access by creating a climate conducive to another anti-competitive operator practice. Cable operators compete with broadcasters for advertising revenue. *Id.* at § 2(a)(14). Consequently, operators have an economic incentive to refuse carriage of broadcasters' signals to reduce broadcast viewership, thus attracting advertising dollars that otherwise would go to broadcasters. *Id.* at § 2(a)(15).

In summary, Congress concluded that the economic forces at work and the market conditions they had already produced had placed free local broadcast television in serious jeopardy. *Id.* at § 2(a)(16). It determined that mandatory carriage was necessary to remedy unfair trade practices, to preserve local broadcasting for those who do not receive cable television. *id.* § 2(a)(12), as well as those who do, *id.* at § 2(a)(7), and to ensure that the public will continue to have access to a wide diversity of sources of video programming, *id.* at § 2(a)(6)-(11).

This Court is of the opinion that, in enacting the 1992 Cable Act, Congress employed its regulatory powers over the economy to impose order upon a market in dysfunction, but a market in a commercial commodity nevertheless; not a market in "speech." The commodity Congress undertook to regulate is the means of delivery of video signals to individual receivers. It is not the information the video signals may be used to impart. That the video signals can only be used to convey a message is of no

particular significance. The same is true of printing presses, or broadcast transmitters; loudspeakers, or movie projectors. Yet no one doubts that Congress could regulate a market in those commodities in danger of chaos or capture without being accused of attempting to infringe the First Amendment freedoms of those by whom they will be used to express protected "speech." The Cable Act of 1992 is simply industry-specific antitrust and fair trade practice regulatory legislation: to the extent First Amendment speech is affected at all, it is simply a by-product of the fact that video signals have no other function than to convey information.

In other words, the Court holds that the must-carry provisions are essentially economic regulation designed to create competitive balance in the video industry as a whole, and to redress the effects of cable operators' anti-competitive practices. The regulation is justified by the existing structure of the cable business itself, and by the market peculiarities resulting from the technological differences in the manner in which different video signal distributors deliver their products to their viewers' receivers. So perceived, the Court concludes that the must-carry provisions are, in intent as well as form, unrelated (in all but the most recondite sense) to the content of any messages that these embattled cable operators, broadcasters, and programmers have in contemplation to deliver.

III.

That the First Amendment is to some extent implicated whenever a government endeavors to regulate a cable industry component, however, is a proposition now too well-established to reconsider.[18] But although many courts

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[18] *See City of Los Angeles v. Preferred Communications, Inc.*, 476 U.S. 488, 494 (1986) (holding that operators' exercise of editorial control "plainly implicate[s] First Amendment interests."); *Quincy*, 768 F.2d at 1452-53; *see also Leathers v. Medlock*, 111 S. Ct. 1438, 1442-43 ("[c]able television provides to its subscribers

have considered the application of the First Amendment to various laws regulating cable,[19] the question of the First Amendment standard to be applied to compulsory signal-carriage requirements has yet to be definitively answered. Despite twice confronting the issue, the D.C. Circuit has avoided its resolution. *See Century Communications Corp. v. FCC*, 835 F.2d 292 (D.C. Cir. 1987), *clarified*, 837 F.2d 517 (D.C. Cir.), *cert. denied*, 486 U.S. 1032 (1988); *Quincy Cable TV, Inc. v. FCC*, 768 F.2d 1434 (D.C. Cir. 1985), *cert. denied*, 476 U.S. 1169 (1986).[20]

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news, information, and entertainment. It is engaged in 'speech' under the First Amendment . . . ."). Although the defendants vigorously contend that the plaintiff programmers have raised no First Amendment issues because their only claim is that broadcasters have been favorably treated, this argument misses the point because it mischaracterizes the programmers' claims. The programmers do not merely contend that Congress has failed to provide a benefit to programmers that it has provided to others. Instead, the programmers contend that Congress has, by increasing broadcaster speech in a limited forum, *reduced* the speech of the programmers. This is a First Amendment claim. *Quincy*, 768 F.2d at 1451-52.

[19] *See, e.g., Preferred Communications, Inc.*, 476 U.S. 488; *Chicago Cable Communications v. Chicago Cable Comm'n*, 879 F.2d 1540 (7th Cir. 1989) *cert. denied*, 493 U.S. 1044 (1990); *Century Communications Corp. v. FCC*, 835 F.2d 292 (D.C. Cir. 1987), *clarified*, 837 F.2d 517 (D.C. Cir.), *cert. denied*, 486 U.S. 1032 (1988); *Quincy Cable*, 768 F.2d 1434; *Community Communications Co. v. City of Boulder*, 660 F.2d 1370 (10th Cir. 1981), *cert. dismissed*, 456 U.S. 1001 (1982); *Home Box Office, Inc. v. FCC*, 567 F.2d 9 (D.C. Cir.), *cert. denied*, 434 U.S. 829 (1977); *Telestat Cablevision, Inc. v. Riviera Beach*, 773 F. Supp. 383 (S.D. Fla. 1991); *Century Federal, Inc. v. Palo Alto*, 710 F. Supp. 1552 (N.D. Cal. 1987); *Group W Cable, Inc. v. Santa Cruz*, 669 F. Supp. 954 (N.D. Cal. 1987).

[20] As discussed below, in both cases, the court held FCC must-carry regulations unconstitutional without finding it necessary to define the precise level of First Amendment scrutiny to be applied to them. *See also Preferred Communications, Inc.*, 476 U.S. 488 (holding that municipal restrictions on cable operator franchise access implicate First Amendment interests, but expressing no opinion on the level of scrutiny to be applied).

It appears to this Court that the must-carry provisions of the 1992 Cable Act squarely present this fundamental issue, and these cases demand that it be resolved. The Court today holds that the government need not demonstrate that it has used the least restrictive means to accomplish what is, primarily and essentially, economic regulation of an industry in the business of delivering video signals. The Court concludes that sections 4 and 5 of the 1992 Act will pass constitutional muster if they satisfy the criteria established in *O'Brien* and its progeny.

To be sure, in *Quincy* and *Century*, the D.C. Circuit held FCC rules requiring cable operators to carry the signals of local broadcasters to be unconstitutional. Neither case, however, is controlling here; the court of appeals was careful, in both opinions, to note that must-carry rules are not *per se* unconstitutional. *Century*, 835 F.2d at 304; *Quincy*, 768 F.2d at 1463. The court of appeals simply held, in both cases, that the FCC had failed to make a record demonstrating the existence of a governmental interest of sufficient moment—whether "compelling" or merely "significant"—to warrant such First Amendment burdens as were imposed by its regulations, or to demonstrate that the means it had chosen to employ to its putative end were necessary at all.

The record in support of the 1992 Cable Act, in contrast, was made by Congress. Federal courts do not ordinarily review the adequacy of the record before Congress to support the laws it enacts.

IV.

All parties agree (at least, the plaintiffs concede) that the must-carry provisions are not *viewpoint*-based; must-carry rights are conferred upon all full-power local broad-

casters, and the obligations upon most cable operators, regardless of any views expressed in the programming of either. The provisions do not compel the carriage of any particular messages nor do they impose any burden on operators or programmers on the basis of the messages they or the broadcasters propose to transmit. Nevertheless, a law need not be viewpoint-based to be subject to strict First Amendment scrutiny. It may, for example, be considered content-based and subjected to strict scrutiny if it purports to restrict a particular type or character of speech, irrespective of the position taken on any issue. *Consolidated Edison Co. v. Public Serv. Comm'n*, 447 U.S. 530, 537 (1980) (public policy leaflets accompanying utility bills); *Boos v. Barry*, 485 U.S. 312, 319 (1988) (placards embarrassing to or disparaging of a foreign government) (plurality opinion).

The plaintiffs contend that strict scrutiny applies because the must-carry provisions compel an operator to utter "speech" not of its choosing; because they alter an operator's editorial decision-making about what to say; and because they favor the speech of broadcasters over that of operators and programmers. But none of the epithets invoked by the plaintiffs—"compelled speech," or "editorial discretion," or "speaker-partiality"—are talismans automatically necessitating strict scrutiny. Strict scrutiny applies only if governmental regulation is overtly content-based or presents an opportunity for official censorship. A compulsory speech requirement, or one imposing upon the discretion of a speaker to say only what he wishes, it appears, is to be strictly scrutinized only if it appears that the government has prescribed the content—either the message or the subject matter—of the speech to be spoken.[21] Examined carefully, all of the

[21] Compelled speech presents two distinct content-related dangers. First, it may cause a speaker to say things he or she might otherwise choose not to say. *See Wooley v. Maynard*, 430 U.S. 705, 715 (1977). Second, it may deter a speaker from engaging in speech

compelled speech and editorial discretion cases cited by the plaintiffs can be seen to have involved regulation telling the speaker *what* to say or at least what to talk about. *See Riley v. National Fed'n of the Blind*, 487 U.S. 781 (1988) (state law requiring charitable fundraisers to disclose percentage of receipts actually devoted to good works); *Pacific Gas & Elec. Co. v. Public Util. Comm'n*, 475 U.S. 1, 10-11 & n.7 (1986) (plurality opinion) (state regulation requiring utility to mail fundraising appeals of its rate-making opponents); *Wooley v. Maynard*, 430 U.S. 705 (1977) (state law requiring motorist to display bellicose state motto on license plates); *Miami Herald Publishing Co. v. Tornillo*, 418 U.S. 214 (1974) (state law requiring newspaper to carry replies of political candidates it had opposed editorially).

These cases stand in sharp contrast to *PruneYard Shopping Center v. Robins*, 447 U.S. 74 (1980), in which the Supreme Court upheld a California constitutional provision interpreted to protect speech and petitioning at a privately owned shopping center. Significantly, the speaker's right to speak on the objecting owner's property upheld in *PruneYard* had nothing to do with the content or subject matter of his speech, and there was no danger that, in affording the speaker access to his shopping center, the owner would be affected to any degree in his ability to speak his own piece.

"Speaker-partial" regulations, or those that purportedly favor one group of speakers at the expense of others, similarly are not subject to strict scrutiny unless they are content-based. *Walsh v. Brady*, 927 F.2d 1229, 1236 (D.C. Cir. 1991); *see id.* at 1238-39 (Williams, J., concurring). *Buckley v. Valeo*, 424 U.S. 1 (1976), the principal speaker-partiality case cited by the plaintiffs,

that is inconsistent with the compelled speech. *See Miami Herald Publishing Co. v. Tornillo*, 418 U.S. 241, 256-57 (1974); *Pacific Gas & Elec. Co. v. Public Util. Comm'n*, 475 U.S. 1, 10-11 & n.7 (1986) (plurality opinion).

is not to the contrary. In *Buckley*, the Supreme Court struck down a statutory provision imposing a $1,000 limit on the amount which an individual could spend to support a particular political candidate. The government sought to justify the provision on the ground that it was necessary to provide those of modest means with an opportunity to participate in the political process equal to that of the wealthy. *Id.* at 48. Implicit in this reasoning, of course, was a Congressional judgment that the speech of those spending over $1,000 was not only "louder" than those spending less than $1,000, but was also different and, more importantly, more sinister. *See id.* at 16-17. *Buckley* is thus a case in which the government sought, in effect, to suppress the expression of a meretricious idea. Speaker partiality alone, however, absent evidence that the government's distinction between groups of speakers is related to what the speakers are saying, is insufficient to trigger strict scrutiny.[22]

[22] The plaintiffs contend that any regulation that singles out a particular segment of the press, like cable operators, and imposes burdens on them alone, is presumptively unconstitutional. Although the Supreme Court has applied such a presumption to certain taxes that single out members of the press, *see Minneapolis Star*, 460 U.S. 575 (1983). *See generally Leathers*, 111 S. Ct. at 1443-44, this presumption does not apply to the must-carry provisions. The Court is unpersuaded that mandatory carriage of local broadcasters, as opposed to the specifically targeted differential taxes struck in *Minneapolis Star*, will so cripple cable operators as to leave them unable to exercise their own constitutionally conferred right to inform and entertain the public as they wish. *See Grosjean v. American Press Co.*, 297 U.S. 233, 246-47, 250 (1936) (discussing the historical use of differential *taxation* as a means of governmental censorship of the press). Furthermore, specifically targeted differential taxes raise an inference that government has regulated content because it is difficult to imagine governmental purposes unrelated to content that cannot be served by generally applicable means other than differential taxation. *Minneapolis Star*, 460 U.S. at 585. This inference does not arise with cable carriage requirements, however, because there are plausible legitimate goals that can be served by compelling broadcast carriage that cannot be served by any generally applicable means. The Court thus concludes that the must-carry provisions will not be strictly scrutinized merely because they treat operators and programmers differently from other components of the media.

A regulation is deemed to be content-neutral if it is addressed to ends unrelated to the content of expression upon which it may have an effect. *Ward v. Rock Against Racism*, 491 U.S. at 791; *Texas v. Johnson*, 491 U.S. 397, 407 (1989). As the Court has previously noted, because the record indicates that Congress' primary purpose in enacting must-carry was to restore competitive balance and assure a functional market in the distribution of video signals, whatever might be said with those signals, the must-carry provisions appear to be unrelated to the content of the expression they will affect.

V.

The plaintiffs argue that the government's asserted interest in "promoting widespread dissemination of information from diverse sources," Federal Defendant's Memorandum at 33, betrays a content-based purpose. That Congress has found it necessary to preserve local broadcast television to promote "diversity," even for those who receive cable television, they contend, indicates that Congress perceives some content difference between the messages of "local" broadcasters and cable programmers.[23]

[23] *See* 1992 Cable Act § 2(a)(6) ("[t]here is a substantial governmental and First Amendment interest in promoting a *diversity of views* provided through multiple technology media.") (emphasis added); *Amicus* Brief of the United States Senate at 27 ("[a]lthough cable systems may provide programming on a wide range of subjects, the *diversity of approaches* to those subjects may be reduced [if] control over the selection and development of programming is in the hands of fewer entities.") (emphasis added) *cf. Metro Broadcasting, Inc. v. FCC*, 497 U.S. 547, 570-71 (1990) (equating diversity in ownership of broadcast licenses to diversity of messages available to the public; "it is upon *ownership* that public policy places primary reliance with respect to diversification of content . . . .") (citations omitted, emphasis in original).

But if the must-carry provisions are content-related at all, they are only marginally so, to the point of *de minimis*. Congress may have presumed, on a very non-specific (and unarticulated) level, that there would be some content differences between the subject matter and/or emphasis of the video signals emitted by local broadcasters and those produced by cable programmers. It appears to the Court, however, that Congress' solicitousness for local broadcasters' material simply rests on its assumption that they have as much to say of interest or value as the cable programmers who service a given geographic market audience, not on any recognition that there is a discrete "local" subject-matter. So viewed, the must-carry provisions hardly evince the type of nefarious governmental activity guarded against by the First Amendment generally and the strict scrutiny standard in particular.

Moreover, even if a "local" versus "non-local" dichotomy of message exists, and can be said to be content-related in some abstract way, the cable medium exhibits certain characteristics unique to the way the industry has evolved and is presently structured, and of equally "local" dimensions having nothing whatsoever to do with message. Cable operators have prevailed upon "local" public authorities to license their use of public rights-of-way over which to string their coaxial cable networks, and there are manifestly limits to the number of such licenses likely to be issued. They vie with broadcasters for "local" advertisers. Cable operators have also historically enjoyed the right to retransmit "local" broadcast programming when and to the extent they wished subject only to administratively set royalty fees. The technology they employ enables a single cable operator to transmit a video signal superior to that of conventional over-the-air transmitters, and to deliver at a "local" television receiver a vastly greater number of channels to watch than all local broadcasters combined. There is, moreover, little competition among "local" cable operators themselves. In

short, the term "local" as applied to the cable industry has many implications other than as a synonym for "provincial" as an adjective applied to programming and all were within the contemplation of Congress when it enacted must-carry.

The Supreme Court has observed that "differences in the characteristics of new media justify differences in the First Amendment standards applied to them."[24] *Southeastern Promotions, Ltd. v. Conrad*, 420 U.S. 546, 557 (1975); *see Quincy*, 768 F.2d at 1448. *Compare Red Lion Broadcasting Co. v. FCC*, 395 U.S. 367, 386 (1969) *with Tornillo*, 418 U.S. 241. Cable has achieved its present market dominance, in large part, due to such "local" factors—artifacts of a sort of the industry's evolution—not because it has delivered an intrinsically better message. Similar factors, benign in themselves, perhaps, and characteristic of many successful industries having supplanted older rivals, have nevertheless led to regulation of such industries *for economic reasons* when their market powers have reached dangerous proportions.

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[24] Although this maxim is oft-repeated, the Supreme Court has infrequently invoked unique media characteristics to justify relaxed scrutiny of content-based regulations. The single notable exception is in the broadcast context, in which the Supreme Court has found content-based, fair access regulation to be justified by scarcity of electromagnetic spectrum space, *Red Lion Broadcasting Co. v. FCC*, 395 U.S. 367 (1969), and has found limited content-based indecency regulations to be justified by broadcasting's pervasive presence and unique accessibility to children, *FCC v. Pacifica Found.*, 438 U.S. 726 (1978). *PruneYard*, arguably, is also a case in which the Court found that special contextual characteristics of the "California shopping center" justify special First Amendment treatment. *See PruneYard*, 447 U.S. at 87. As discussed above, however, *PruneYard* is just as easily explained as a content-neutral case. *See Pacific Gas*, 475 U.S. at 12. The Seventh Circuit apparently has ruled that all regulation of cable speech, whether or not content-based, is subject to relaxed First Amendment scrutiny because of special characteristics peculiar to the cable medium. *Chicago Cable*, 879 F.2d at 1547-49; *Omega Satellite Prods. v. City of Indianapolis*, 694 F.2d 119 (7th Cir. 1982).

Absent an indication of a Congressional purpose, whether avowed or covert, to effect a degree of content-control by mandating carriage of "local" broadcasters' signals, the First Amendment should not unduly inhibit Congress in what clearly appears on its face to be an effort to level the economic playing field in the television industry, at large, even if in doing so it may coincidentally inhibit some freedom of choice of the cable operators as to whose signals are to be carried and under what conditions. The Court accordingly concludes that *O'Brien* and *Rock Against Racism* provide the appropriate standard for determining the constitutionality of Congress' mandatory carriage provisions.[25]

[25] The plaintiffs correctly note that the Supreme Court, in *Tornillo*, rejected the suggestion that economic impediments to access justified Florida's right-of-reply law. *Tornillo*, 418 U.S. at 247-57. But, read in context, the Supreme Court's discussion in *Tornillo* has no application in this case. Importantly, the regulation in *Tornillo* was *expressly* based on content in two ways; it exacted its penalty on the basis of the antecedent publication of one message and it compelled carriage of another. *Tornillo*, 418 U.S. at 256-58. The government, in *Tornillo*, sought to use economic scarcity as a justification for ensuring that the public had access to messages favorably portraying political candidates who had been criticized in the press. It was in this context that the Court rejected the argument that economic barriers to newspaper access justify content-based compelled speech requirements. In this case, by comparison, the government has sought only to ensure that the public has access to diverse kinds of communications in order to overcome technological, structural, and historic, as well as economic factors creating a bottleneck. This goal is a far cry from the message-specific goal in *Tornillo*, even if marginally content-related.

The Court notes that its conclusion that contextual factors unique to cable require relaxed First Amendment scrutiny of the must-carry provisions even if marginally content-related, depends, to some extent, on Congress' factual findings. The parties have raised the issue of whether the courts should strictly scrutinize a congressional decision that a particular communications medium warrants special First Amendment treatment. The Court finds that it need not resolve this intriguing question. With respect to the

VI.

The inquiry to be made under the *O'Brien-Rock Against Racism* formulation is to ascertain whether the must-carry provisions further a significant government interest, *O'Brien*, 391 U.S. at 377; *Rock Against Racism*, 491 U.S. at 798-99; *see also Quincy*, 768 F.2d at 1454, and whether they are "narrowly tailored" to serve that interest, *O'Brien*, 391 U.S. at 377; *Rock Against Racism*, 491 U.S. at 798. The narrow tailoring requirement is satisfied if the government's regulation will effectively remedy the condition that the government has identified as in need of correction, and if it does not burden substantially more speech than necessary in doing so. *Rock Against Racism*, 491 U.S. at 799.

Congress' objective in enacting the mandatory carriage requirements, it has declared, was to promote fair competition among video "speakers" in order to assure the survival of local broadcasting for the benefit of both those who subscribe to a cable service and for those who do not. *See* 1991 S. Rep. No. 92 at 58; Federal Defendant's Memorandum at 33. Although the D.C. Circuit declined an invitation to rule on whether this is a governmental goal of sufficient significance for *O'Brien* purposes, *see Quincy*, 768 F.2d at 1454, other cases establish that the importance of broadcasting generally, and in particular local broadcasting, to the American public is now beyond dispute.[26] *See United States v. Southwestern Cable Co.*,

factual findings made by Congress, the Court has provided Congress with the level of deference befitting a co-equal branch of government that is well-equipped to take evidence and make findings. *Metro Broadcasting*, 457 U.S. at 569; *see also Columbia Broadcasting Sys., Inc. v. Democratic Nat'l Comm.*, 412 U.S. 94, 103 (1973). The Court, however, has viewed as a matter of law, subject to no deference to Congress, the issue of whether the facts present the need for special First Amendment treatment.

[26] 1992 H.R. Rep. No. 628 at 50 ("[l]ocal television stations are central to [a competitive system of over-the-air-broadcasting]—they are both the leading source of news and public affairs informa-

392 U.S. 157, 172-73 & nn. 38 & 39 (1968); *National Ass'n of Broadcasters v. FCC*, 740 F.2d 1190, 1198 (D.C. Cir. 1984); *see also Capital Cities Cable, Inc. v. Crisp*, 467 U.S. 691, 714 (1984);[27] *cf. Metro Broadcasting*, 497 U.S. at 566-68, 572-73. *See generally* Communications Act of 1934, § 307(b), 48 Stat. 1083.

The plaintiffs submit that even if averting the demise of local broadcasting is deemed an important governmental goal, the factual premise on which the must-carry provisions are based, *viz.*, that local broadcasting is in peril, is incorrect. Citing their own statistics, the plaintiffs contend that broadcasting is alive and well, and has actually grown since the FCC's must-carry rules were struck down in *Quincy*. Oppressive artifices such as must-carry, they say, are unnecessary.

Congress, however, did not agree, and in sharp contrast with the meager record before the FCC when the court of appeals struck down the must-carry provisions in *Quincy* and *Century*, the current must-carry provisions are based on a substantial record assembled by Congress itself. *See generally* 1991 S. Rep. No. 92 at 42-46 (citing Federal Communications Commission, Policy and Rules Division, Mass Media Bureau, Cable System Broadcast Signal Carriage Survey (1988) (staff report)); 1992 H.R. Rep. No. 628 at 50-57 (same). Congress received evi-

tion for a majority of Americans and the most popular entertainment medium.")

[27] The Supreme Court, in *Capital Cities*, considered an Oklahoma Law prohibiting state cable companies from carrying out-of-state alcohol advertising. The Court held that the law was preempted by the FCC must-carry provisions in effect at the time. The Court rejected the state's argument that its power to regulate alcohol under the Twenty-First Amendment was paramount to the federal mandatory carriage program. The Court found that the state's interest in regulating alcohol was outweighed the "substantial federal interest" in protecting broadcast television for those that do not receive cable, and in ensuring diverse video programming. *Capital Cities*, 467 U.S. at 714.

dence demonstrating, to its satisfaction, that cable operators, in significant numbers, are denying carriage to local broadcasters, are attaching onerous conditions to their agreements to carry broadcasters, and are exiling broadcasters being carried to remote channel positions. 1991 S. Rep. No. 92 at 42-43; 1992 H.R. Rep. No. 628 at 51. Congress also apparently credited evidence indicating that this unfavorable treatment of broadcasters is the result of the cable operators' attempts to obtain a competitive advantage, not a function of consumer demand. 1992 Cable Act § 2(a)(12)-(15); 1991 S. Rep. No. 92 at 44.[28] Congress determined that refusal to carry, termination of carriage, and channel repositioning artificially diminish the audiences of local broadcasters, and, in turn, decrease their revenues. 1992 Cable Act § 2(a)(11)-(15); 1991 S. Rep. No. 92 at 44-45, 59; 1992 H.R. Rep. No. 628 at 50-51. In light of all of the evidence, Congress concluded that local broadcast television is not flourishing; it is in serious jeopardy. 1992 Cable Act § 2(a)(16); 1991 S. Rep. No. 92 at 59.

Furthermore, even if the state of the broadcasting industry is not now as parlous as the defendants contend, the Court finds it to be indisputable on this record that cable operators have attained a position of dominance in the video signal distribution market, and can henceforth exercise the attendant market power. The Court does not find improbable Congress' conclusion that this market power provides cable operators with both incentive and present ability to block non-cable programmers' access to

[28] The Senate Committee on Commerce, Science, and Transportation, for example, received evidence indicating that "[i]n almost every instance, [broadcast] stations [that have been repositioned] have been replaced by a cable program service in which the system operator is selling advertising or in which the operator has an equity interest or both." 1991 S. Rep. No. 92 at 44. The Committee concluded that channel repositioning of broadcasters is "made solely to enhance the competitive position of the cable operator's programming or its advertising availabilities." *Id.*

the bulk of any prospective viewing audience; unconstrained, cable holds the future of local broadcasting at its mercy. In light of the considerable body of evidence amassed by Congress, and the deference this Court should accord to the factfinding abilities of the nation's legislature, *see Metro Broadcasting*, 457 U.S. at 569; *Columbia Broadcasting Sys.*, 412 U.S. at 103, the Court must conclude that the danger perceived by Congress is real and substantial.

The plaintiffs also contend that the must-carry provisions are not "narrowly tailored" to accomplish their objective. There seems to be little doubt that the must-carry provisions will be effective in sustaining local broadcasting for the present. Rather than dispute their effectiveness as a means to the end, therefore, the plaintiffs' complaint is that they are overly so; being excessive, they burden speech in instances in which governmental intrusion is unnecessary.

First, they argue that Congress' goal can be achieved by the use of rudimentary technology, (a selector switch, for example), enabling broadcast and cable signals to be equally accessible to cable subscribers who want to watch them; viewer preference will then determine the victor in an idealized "marketplace of ideas." Second, they contend that mandatory cable carriage of *all* local broadcasters is too much of a good thing; it may require an operator to carry signals of broadcasters it would not otherwise carry in a market in which there is actually a surfeit of "local" programming on cable as well as over-the-air. The Court concludes, however, that the must-carry provisions are sufficiently, if not surgically, tailored to Congress' larger economic market-adjusting objective.

It is, of course, conceivable that there are less restrictive alternatives that Congress could have employed in its attempt to preserve the vitality of local broadcasting. Importantly, however, under *O'Brien*, the government is not required to settle for means that serve its interests less

effectively merely because an alternative might be less burdensome. *Rock Against Racism*, 491 U.S. at 799 (citing *United States v. Albertini*, 472 U.S. 675, 689 (1985)). Congress actually found that input-selector switches were ineffective simply because viewers tended not to use them (a function, perhaps, of viewer inertia as much as viewer preference). *See* 1991 S. Rep. No. 92 at 44-45; 1992 H.R. Rep. No. 628 at 54; *see also* 1992 Cable Act § 2(a)(17). Of more significance, however, is that Congress further found that prophylactic measures were necessary to combat the operators' tendencies toward anti-competitive treatment of broadcasters generally. *See* 1991 S. Rep. No. 92 at 41-46; 1992 H.R. Rep. No. 628 at 50-58. Once again, the Court is unwilling to second-guess Congress' determination that the must-carry provisions are necessary to accomplish its objective. Provoking a popularity contest between broadcast and cable programmers was not what it had in mind. *See FEC v. National Right to Work Comm.*, 459 U.S. 197, 207-11 (1982).

Finally, the Court concludes that the must-carry provisions do not unnecessarily burden a substantial amount of the plaintiffs' own speech. Operators retain complete discretion over much the greater proportion of the channel spectrum on their systems, and non-broadcast programmers are free to compete for access to those channels not dedicated. Under no circumstances will an operator be required, under section 4, to devote more than one-third of its channel capacity to local broadcast use.[39] Similarly, under section 5, operators with less than 36 useable channels need not carry more than 3 non-educational channels, and no operator must carry duplicative non-

[39] Furthermore, it appears to the Court that the burdensomeness of the must-carry provisions is illusory in the potentially significant number of cases in which a cable operator receives a carriage request from an operator it would have carried even in the absence of the request.

educational programming. Thus, although the must-carry regulations may reduce the overall quantity of cable operator and programmer speech "opportunities," as it were, it leaves open adequate—in fact, plentiful—alternative, intra-medium channels of communication for cable speakers to deliver whatever messages they choose. The Constitution requires no more. *Compare Heffron v. Int'l Soc. for Krishna Consciousness*, 452 U.S. 640 (1981) *with Community for Creative Non-Violence v. Turner*, 893 F.2d 1387, 1393 (D.C. Cir. 1990).

Conclusion

The 1992 Cable Act represents a major congressional effort to bring order and stability to an industry that significantly, and often profoundly, touches American lives. It is not the province of this Court to pass judgment upon the wisdom of the policies the national legislature has chosen to pursue in such endeavors. That, of course, is a task our system of government commits to the electoral and political processes, and the Court's power in that regard is not enlarged merely because it is invoked in the name of the First Amendment. Simply put, the governmental intention evinced by the must-carry provisions is economic, not ideologic, and raises no suspicion of the type of ominous government interference with speech against which the First Amendment protects.

VII.

National Interfaith Cable Coalition ("NICC") seeks to enjoin enforcement of sections 4 and 5 of the 1992 Cable Act on another First Amendment ground, namely, that the provisions violate the Free Exercise and Establishment of Religion Clauses of the First Amendment. NICC's motion is opposed by the federal defendants, who have filed a motion to dismiss, and by several intervenor-defendants, many of whom have filed dispositive motions. The Court concludes that sections 4 and 5 do not violate the Religion Clauses of the First Amendment.

NICC is an "interfaith consortium" of several Judeo-Christian religious groups in the United States. NICC disseminates its messages through the Vision Interfaith Satellite Network ("VISN"), a cable programming operation which competes for carriage on the many cable systems across the country. Like the other programmers, NICC objects to the must-carry provisions because the provisions will reduce the number of cable television channel positions available for use by non-broadcast programmers. By mandating carriage of the religious programming of local broadcasters, the provisions represent a special danger to NICC: it fears that cable operators forced to carry some broadcast religious programming will resist voluntary carriage of additional religious fare.

NICC's Religion Clause challenges center on the premise that the religious programming of local broadcasters is different in kind from NICC's programming. NICC contends that most local religious broadcasters tend to present fundamentalist religious views and are often critical of other viewpoints, while NICC transmits messages that are more "mainstream" and "religiously balanced." NICC argues that the must-carry provisions, by granting preferential treatment to local religious broadcasters, create an illicit liaison between the federal government and particular sectarian interests in violation of the Establishment Clause, and by impeding NICC from reaching its audience and delivering its own religious message, the provisions violate the Free Exercise Clause.

To comport with the Constitution under the now familiar Establishment Clause test, government action must "(1) reflect a clearly secular purpose; (2) have a primary effect that neither advances nor inhibits religion; and (3) avoid excessive government entanglement with religion." *Lee v. Weisman*, 112 S. Ct. 2649, 2654 (1992) (citing *Lemon v. Kurtzman*, 403 U.S. 602 (1971) and *Committee for Pub. Educ. & Religious Liberty v. Nyquist*, 413 U.S. 756 (1973)). Even if the Court were to accept NICC's major premise—that the

must-carry provisions disproportionately favor the speech of certain types of religious speakers over others—the provisions do not violate the Establishment Clause. There is no evidence that the must-carry provisions were intended to be anything but religion—as well as content-neutral; they do not involve the government in religious affairs; and there is no basis for concluding that they will be perceived to represent governmental endorsement of particular religious views or religion in general.

The provisions clearly reflect a secular purpose, as discussed above. There is nothing in the record to indicate that Congress was even aware of any difference in the religious messages of broadcasters and programmers, much less to indicate that must-carry represents a deliberate attempt to favor or disfavor any religious views or practices.

Similarly, the must-carry provisions have a primary effect that neither advances nor inhibits religion. A law does not violate the Establishment Clause merely because it benefits or burdens religious institutions in some way. *Mueller v. Allen*, 463 U.S. 388, 393, 398-402 (1983); *see Waltz v. Tax Comm'n*, 397 U.S. 664 (1970). "Incidental" burdens and benefits on religious institutions do not violate the Establishment Clause's primary effect inquiry. *See Widmar v. Vincent*, 454 U.S. 263, 273-74 (1981). Central to the primary effect inquiry is whether a reasonable observer would interpret the governmental action to be religion-preferential, *County of Allegheny v. ACLU*, 492 U.S. 573, 592-93 (1989); *see Widmar*, 454 U.S. at 274, and there is little danger of such a perception if a law applies to a broad range of entities, both religious and secular. *Widmar*, 454 U.S. at 274-74.[80] *Compare*

[80] As the Supreme Court noted in *Widmar*, "[i]f the Establishment Clause barred the extension of general benefits to religious groups, a church could not be protected by the police and fire departments, or have its public sidewalk kept in repair." *Widmar*, 454 U.S. at 274-75 (citations omitted).

Mueller, 463 U.S. 388 (upholding state law providing income tax deduction for tuition, textbook and transportation expenses for parents of children in public as well as parochial schools) *with Nyquist*, 413 U.S. 756 (1983) (holding unconstitutional public assistance grants to parents of children in nonpublic schools only). The must-carry provisions apply to all broadcasters, without regard to whether their programming contains any religious fare at all. Accordingly, the Court cannot conclude that the primary effect of the provisions is to advance the religious message of local broadcasters or suppress the religious messages of cable programmers.

Nor can the Court conclude that the must-carry provisions foster excessive governmental entanglement with religion. Regulatory legislation creates excessive entanglement only if there is "detailed monitoring and close administrative contact" between the government and sectarian organizations or affairs. *Hernandez v. Commissioner of Internal Revenue*, 490 U.S. 680, 696-97 (1989); *see Mueller*, 463 U.S. at 403. There is no basis on which to conclude that the federal government will, in implementing must-carry, become involved in any activity in the nature of religious oversight. To be eligible for mandatory carriage, a broadcaster must meet two basic requirements only; it must be licensed by the FCC and it must operate within a cable operators' television market. 1992 Cable Act § 4. The must-carry provisions accordingly present no danger of entanglement beyond that created by the FCC's broadcast license scheme itself. It is well-settled that "routine regulatory interaction which involves no inquiries into religious doctrine" creates no Establishment Clause infirmity. *Hernandez*, 490 U.S. at 697.

NICC contends that the must-carry provisions violate the Free Exercise Clause because they prevent NICC from effectively disseminating its religious message. Any burden imposed on NICC's religious practice, however,

is merely the incidental effect of a facially religion-neutral law that is generally applicable to all operators, programmers, and broadcasters. Such laws do not violate the Free Exercise Clause. *Employment Div. v. Smith*, 494 U.S. 872 (1990). The must-carry provisions do not, in any way, foreclose dissemination of any religious message or abridge any religious practice.

VIII.

The Local Community Broadcasters ("LCB"), an intervenor-defendant in these consolidated cases, argues that section 4 of the 1992 Act violates the First Amendment rights to free speech and equal protection rights of low power television ("LPTV") stations. By way of relief, LCB asks this Court to require the FCC to provide expansive mandatory carriage rights, similar to those provided to full power broadcasters, to LPTV. Even assuming this Court has the power to provide such a remedy, a dubious proposition, the Court finds that section 4 does not abridge LCB's constitutional rights.

In the late 1970s and early 1980s, the FCC began to implement a program for providing low power television service to viewers across the nation. LPTV operates on the same technological principles as broadcast television, but within a minimal geographic range. In addition, LPTV stations are licensed by the FCC on a secondary basis; they may not interfere with the signals of licensed full power stations, and they must give way to any full power station attempting to use the same frequency. *See generally* 47 C.F.R. §§ 74.701-74.781 (1992); *1982 LPTV Inquiry*, *supra* note 4. The Commission envisioned LPTV as a less costly alternative for those seeking to enter the television broadcast industry,[31] and saw

[31] *An Inquiry Into the Future Role of Low Power Television Broadcasting and Television Translators in the National Telecommunications System*, 82 F.C.C.2d 47, 80 (1980) (statement of Chairman Ferris).

LPTV as enhancing diversity in the television market, especially for minority broadcasters.[32]

The 1992 Cable Act provides very limited mandatory carriage rights to LPTV. Under section 4, a cable operator is only required to carry a low power station if there are not enough full power commercial broadcasters to fill the one-third channel set-aside imposed by the section. Furthermore, a low power station is eligible for mandatory carriage only if it serves a rural area without full power service. Cable operators with fewer than 36 channels are required to carry one qualified LPTV station, and those with 36 channels or more need only to carry two qualified LPTV stations.

LCB's constitutional claims are similar to those made by the programmers. LCB claims that because the must-carry provisions favor local full power broadcasters by providing them with scarce channel positions and fail to provide similar rights to many rural and all non-rural LPTV stations, the provisions impede the ability of LPTV stations to reach their audiences. LCB also claims that like the programmers, LPTV operators need must-carry to defend themselves against anti-competitive cable operator practices.

Although LCB's claims are similar to those of the programmers, the relief they seek is entirely different. LCB asks this Court to order the FCC to provide LPTV broadcasters with mandatory carriage rights similar to those enjoyed by full power stations. The success of LCB's claim accordingly rests on the untenable position that the must-carry provisions do not violate the constitutional rights of programmers, but do violate the constitutional rights of LCB's members. Furthermore, comparison of the relief sought by LCB and that sought by the programmers makes clear that LCB is not challenging the must-carry provisions on the grounds that they interfere

[32] *See id.*

with First Amendment rights; it is, instead, claiming that they have been disparately treated.[83]

Unless viewpoint-based, disparate governmental treatment of different speakers, unlike governmental imposition of burdens on expression, does not implicate either *O'Brien* balancing or strict scrutiny. Message-neutral government decisions to provide benefits to one group of speakers but not others are constitutional if there are rational legislative reasons for distinguishing between groups. *Cornelius v. NAACP Legal Defense & Educ. Fund*, 473 U.S. 788, 806 (1985); *Regan v. Taxation with Representation*, 461 U.S. 540, 545-46; *accord id.* at 548-51 (governmental distinctions between groups of speakers subject only to rational basis review under equal protection component of Fifth Amendment unless they are aimed at the suppression of ideas); *Walsh*, 927 F.2d at 1235-37 (same); *id.* at 1238-39 (Williams, J., concurring) (same).[84]

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[83] Because LCB asks this Court to uphold a statute that is alleged to burden their expressive activity, their claim is distinguishable from those made in virtually all of the First Amendment cases LCB has cited. *Minneapolis Star* and *Arkansas Writers' Project, Inc. v. Ragland*, 481 U.S. 221 (1987), for example, both involved challenges to differential taxation schemes applicable to small segments of the press. *See generally Leathers*, 111 S. Ct. 1442-43. The plaintiffs in both cases raised direct First Amendment claims because they challenged the *validity of the taxes* as either directly burdensome on speech or creating impermissible dangers of governmental censorship. In contrast, the position taken by LCB demonstrates that its sole *constitutional* concern is that the must-carry provisions fail to provide LPTV with the protection from anti-competitive practices that has been provided to full power broadcasters.

[84] LCB's equal protection claim is based entirely on the somewhat esoteric fundamental rights line of equal protection jurisprudence. Although LCB indicates that LPTV operations are often run by minority groups, there is no allegation that LPTV operators are a suspect class.

LPTV was conceived and created as a secondary service, and has never enjoyed rights coextensive with full power television. *See 1982 LPTV Inquiry, supra* note 4. Congress's treatment of LPTV is consistent with the government's treatment of LPTV since its inception. Once again, in the absence of any reason to suspect Congress of message-regulation, the Court must uphold Congress' decision not to equalize the free speech rights of LPTV with full power broadcasting unless it is irrational. *Regan*, 461 U.S. at 548. Nothing at all appears to be irrational about a legislative policy judgment to treat LPTV as a lesser player in the television market, as it has always been, no matter how innovative, imaginative, or deserving the Court might find LPTV to be.

CONCURRING OPINION

STANLEY SPORKIN, District Judge.

I concur. I believe that Plaintiffs have not made a case under the First Amendment that would invalidate the must-carry provisions of the 1992 Cable Act. Congress has acted in a highly reasonable and responsible way without trampling the constitutional rights of this nation's citizens. I write separately to emphasize that, because any burden imposed by the 1992 Cable Act on speech is so remote and incidental to the purpose and effect of the 1992 Cable Act, I do not find that the must-carry provisions of the Cable Act of 1992 implicate the First Amendment to the extent to which Plaintiffs claim.

For many years, Congressional policy regarding the telecommunications industry has had a consistent goal: To foster public access to a diverse array of information and views. Congress has found that, to a significant degree because of federal and local governmental decisions in prior years, the cable industry threatens to achieve monopolistic control over the telecommunications market. Thus, a competitive imbalance between the cable and broadcast industries has developed, threatening this important goal.

Congress' finding is based on an exhaustive Congressional record, and deserves the Court's deference. Plaintiffs, under the guise of the First Amendment, would have this Court strike down a statute enacted by Congress in an effort to reign in cable companies' growing economic might and to restore competitive balance in the telecommunications industry. However, this case is not about protecting free speech and the First Amendment. This case is about market domination and control.

I

This case involves two young industries which are essentially less than a half century old. It might be said that invention of television was the first shot fired in the technology revolution, which continues even at this time at an unprecedented pace. From early on, because of the space limitations of the broadcast spectrum, a means had to be devised for allocating stations on a reasonable and fair basis. Congress determined that market forces alone could not make the proper allocation. Thus, right from the start this infant industry was born into a system of heavy regulation.[1]

The cable industry dates back to 1947, when it first emerged as a satellite system. Cable originated as a device to facilitate transmission of television broadcast signals to remote areas.[2] Recognizing the potential of the

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[1] The FCC, created in 1934, became the principal vehicle for overseeing the television industry. That agency was given jurisdiction to allocate space on the broadcast band by awarding licenses to those desiring to become broadcasters. These were highly lucrative licenses, which in effect were being given away by the government. Here in this nation of free markets we had a paradox of sorts, namely a mix of government regulation and private enterprise, being dictated by the scarcity of a much sought-after commodity that would confer rights on those selected to receive a "free" Government license to broadcast.

[2] John Walson, Sr., is credited as being the founder of cable television. Mr. Walson recently passed away. In his obituary, the following is recounted:

> In 1947, Mr. Walson was the owner of an appliance store in Mahanoy City, near Allentown, when he discovered he had trouble selling televisions because the mountains of eastern Pennsylvania interfered with reception.
>
> He erected an antenna tower atop New Boston Mountain overlooking Mahanoy City and ran wire to television sets in his store window. He added amplifiers to the system the next

technology to serve the interests of rural America. Congress began to explore ways to protect and foster the nascent industry.

For several decades, while studying the issue, Congress left regulation of the cable industry to the FCC. In part because of its origin as an adjunct to broadcasting, cable became cloaked in much of the regulatory culture enveloping the broadcast industry.

In the mid-1970s, Congress determined that a number of regulatory and marketplace obstacles had prevented the cable industry from achieving its full potential. To enhance cable's development as a competitive force in the telecommunications market, Congress enacted several laws to support the growth of the industry.

In 1976 Congress passed legislation granting cable systems' copyright licenses to retransmit over-the-air broadcast stations. Public Law No. 94-553, Title I, § 101 (1976), *codified at* 17 U.S.C. § 111. In 1978, in response to cable operators' claim that utility companies were exacting unreasonable rates for the operators' use of utility poles and underground conduits, Congress passed legislation authorizing the FCC to resolve pole attachment disputes between the operators and utility companies. Public Law No. 95-234, § 6 (1978), *codified as amended at* 47 U.S.C. § 224. Through the pole attachment legislation, Congress sought "to minimize the effect of unjust or unreasonable pole attachment practices on the

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spring, then persuaded residents to hook up for a $100 installation fee and $2 a month.

His company, called Service Electric Cable TV, now has more than 400 employees and serves subscribers in eastern and central Pennsylvania and northwestern New Jersey.

Mr. Walson made cable television history again in 1972, when his company became the first to offer the cable channel Home Box Office to customers. HBO recently presented him with an award recognizing that distinction.

wider development of cable television service to the public." [a]

Meanwhile, since cable often required use of local telephone lines, state and municipal authorities developed local franchise and license systems further regulating cable in their respective markets. Thus, in some ways, regulation of the cable industry was even more pervasive than that of the broadcast industry in general, often to the detriment of both the industry and its subscribers.

Perceiving a need to establish a national policy for cable television, Congress passed the Cable Communications Policy Act of 1984. Consistent with Congress' longstanding policy regarding the telecommunications market as a whole, the 1984 Act aimed to "promote competition in cable communications and minimize unnecessary regulation that would impose an undue economic burden on cable systems." Public Law No. 98-549, § 2 (1984), *codified at* 47 U.S.C. § 521(6).

The 1984 Cable Act contained several provisions to support cable's competitive position. With regard to local franchising authorities, the Act (1) restricted their ability to regulate rates, allowing them to do so only where there was a lack of effective competition, to be defined by the FCC, (2) limited the obligations they could impose on cable companies and (3) limited their authority to deny renewal of cable franchises.

At the same time, Congress took steps to assure that cable would contribute to the diversity of information available to the public. To thwart the development of local media monopolies and to encourage diversity of ownership of communications outlets, the 1984 Act prohibited ownership of a cable company by the owner of a television broadcast license or telephone company. And

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[a] S. Rep. No. 580, 95th Cong., 1st Sess. 14 (1977), reprinted in 1978 U.S.C.C.A.N. 109, 122.

to foster a broad diversity of information sources, the Act permitted cities to continue to require in cable franchises that certain cable channel capacity be devoted to public, educational and governmental channels.

As a result of technological innovation and creativity and supported by federal legislation, the cable industry has come a long way in its less than 50 years' existence. Indeed, there is little resemblance between the cable industry of 1947 and that of today. Cable has expanded television communications beyond the wildest imagination of its discoverers. It has virtually eliminated the original problems caused by the space limitation of the broadcast spectrum. Instead of providing access to television broadcasting as it main objective, through creativity and vision, cable now has a free standing existence. It has developed from being the dog's tail to being the tail that wags the dog.

Although cable has brought about much good, there have been excesses which, over the years, Congress has felt compelled to alleviate. In particular, Congress has found that certain anticompetitive monopolistic behavior on the part of cable companies has accompanied their success, behavior which threatens the vitality of broadcast programming and, therefore, the public interest in access to a wide range of information and views.[4] Thus, while cable has virtually eliminated the problems caused by scarcity on the broadcast spectrum, it has created another scarcity—namely access to the channels on cable systems themselves.

In finding that the must-carry provisions of the Cable Act do not violate the First Amendment, several points merit special emphasis. First, local and federal government regulation played an important role in allowing cable

[4] *See* Judge Jackson's Opinion, supra, for a discussion of the Congressional findings in this regard and the voluminous record supporting them.

to achieve the position it has today. In addition to the support provided by federal legislation in the 1970s and by the Cable Act of 1984, all too often local franchising authorities granted cable companies an exclusive franchise in their local market.

Second, cable companies enjoying such de facto monopolies wield enormous power over programming in the telecommunications market as a whole. Cable operators can require programmers to provide the operator exclusive carriage rights or a financial interest in the programming as a condition of carriage, and some have done so. The substantial negative impact such conditions have on broadcast stations and television distributors is clear.

Third, as an increasing proportion of the public subscribed to cable (now 60% of American households owning a television set), broadcast stations have become increasingly dependent on cable to reach their television audiences. As cable has become the primary means for transmission of all broadcast signals in a locality, it has become imperative for broadcasters to obtain retransmission of their signals by the local cable company. Otherwise, the broadcaster will face a greatly diminished audience. Since it is often the case that cable and broadcast companies are in direct competition for advertising revenues, cable companies have a powerful means by which to adversely affect the financial interests of broadcast stations by refusing to carry or even terminating its broadcast clients.

Congress specifically found that broadcast stations, by being part of the local community, continue to be an important source of local news, public and educational programming and other services critical to an informed electorate. The cable industry's growing monopolistic hold on the telecommunications industry, Congress reasoned, threatens the viability of its only current competition—local broadcasters. Congress concluded that, should

local broadcasters be forced off the air, the public interest in being able to obtain access to a broad selection of local news and public and educational programming would be endangered.

II

Sections 4 and 5 of the Cable Act of 1992 are a form of regulation, designed to lessen the monopolistic threat posed by cable to the telecommunications industry. Contrary to the arguments of Plaintiffs that the 1992 Act limits First Amendment rights on its face, the Act's objective is to enhance the diversity of television voices protected by the First Amendment by neutralizing the adverse effects of cable companies' monopolistic behavior and securing the position of broadcasters' programs. As an interim measure to accomplish this end, "must-carry" is an integral part of the solution to the problems identified by Congress.[8]

Plaintiffs have come before this Court, not because their freedom of speech is seriously threatened, but because their profits are; to dress up their complaint in First Amendment garb demeans the principles for which

[8] At some point, technological innovation will enable cable systems to accommodate all broadcasters requesting carriage, thereby rendering "must carry" a problem of the past. Indeed, according to a April 6, 1993 article in the *Washington Post*, Telecommunication's Inc., the nation's largest cable television company, is about to "unveil an ambitious plan to rewire many of its cable systems with 7,000 miles of high-capacity, fiber-optic lines" over the next four years, which eventually will "enable TCI to deliver hundreds of TV channels [and] 'video-on-demand' programming" to its subscribers.

However, while fiber-optic and other technological innovations may be on the verge of a break through which may well cast a different light on Plaintiffs' First Amendment claims, such innovations have not yet realized their potential in the marketplace. In the context of today's technological landscape, the Cable Act of 1992 must be viewed as regulation designed to alleviate the adverse impact of the cable industries' growing monopolistic hold over the telecommunications industry.

the First Amendment stands and the protections it was designed to afford. To the extent to which the First Amendment is implicated, I agree with Judge Jackson that the minimal level of scrunity outlined in *United States v. O'Brien*, 391 U.S. 367 (1968) and *Ward v. Rock Against Racism*, 491 U.S. 781 is the standard the Court should apply.

Plaintiffs raise two arguments in support of their claim. First, the cable operators argue that the must-carry provisions are content-based restrictions compelling them to carry the speech of broadcast stations, and as such run afoul of the First Amendment. Second, the cable programmers argue that the must-carry provisions unfairly prefer the "speech" of broadcasters over their First Amendment rights. Both of these arguments fail.

A. *Operators' Claim*

It is well-established that under the protections afforded by the First Amendment individuals enjoy the right to speak or not to speak. The government cannot compel an individual to speak. *See*, e.g., *Wooley v. Maynard*, 430 U.S. 705, 97 S.Ct. 1428 (1977). The Supreme Court has extended this principle to apply to newspapers and to privately-owned newsletters in *Miami Herald Publishing Company v. Tornillo*, 94 S.Ct. 2831 (1974) and *Pacific Gas & Elec. v. P.U.C. of California*, 106 S.Ct. 903 (1986), respectively.

While the plaintiffs would have the Court extend the coverage of *Tornillo* and *Pacifis Gas & Elec.* to the case at bar, these cases are inapposite to the arguments raised by Plaintiffs.

Tornillo broadly recognized the free speech rights of newspapers. *Tornillo* involved state action which penalized identifiable content-based speech and compelled transmission of a particular message. In that case, the Supreme Court once again made it clear that a statute

which infringes on a newspaper's editorial rights is highly suspect under the First Amendment.

A continuum exists between compelled speech which is content based and that which incidentally relates to speech. While conflicting signals can be discerned from the case law on when regulations of business enterprises are content-based and when they are not, some First Amendment challenges lend themselves to the following maxim: You know it when you don't see it. This is such a case.

"Content-neutral" regulations are those that "are justified without reference to the content of the regulated speech." *City of Renton v. Playtime Theaters, Inc.*, 106 S.Ct. 925, 929 (1986). In *Renton*, the Court found that a city zoning ordinance restricting the location of adult theaters was not aimed at the content, but rather at the secondary effects such theaters had on the surrounding community.

Perhaps more similar to the case at bar is *Regan v. Taxation with Representation*, 103 S.Ct. 1997 (1983). In that case, the Supreme Court found § 501(c)(3) of the Internal Revenue Code, which grants tax-exempt status to organizations organized and operated exclusively for certain statutorily-prescribed purposes, is constitutional. Like must-carry's distinction between cable programmers and broadcasters, § 501(c)(3) clearly makes a statutory distinction between different groups of speakers. Finding "no indication that the statute was intended to suppress any ideas", the Court found that § 501(c)(3) is not a content-based restriction on speech.[6]

[6] Section 501(c)(3) grants tax-exempt status to organizations "organized and operated exclusively for religious, charitable, scientific, testing for public safety, literary, or educational purposes, or to foster national or international amateur sports competition . . . , or for the prevention of cruelty to animals[,]" provided that no substantial part of the activities of which consists attempting to influence legislation or supporting political candidates. 26 U.S.C. § 501(c)(3).

Like the ordinance in *Renton* and the statute in *Regan v. Taxation With Representation*, the must-carry provisions plainly "are justified without reference to the content of the regulated speech" and there is "no indication that the statute was intended to suppress any ideas[.]" Must carry simply does not constitute a content-based restriction on cable operators' speech.

The right-of-reply statute in *Tornillo* and the California Public Utilities Commission's directive in *Pacific Gas & Elec.* plainly were based on the content of the regulated speech. But unlike the governmental actions involved in *Tornillo* and *Pacific Gas & Electric*, the must-carry provisions of the Cable Act of 1992 neither "penaliz[e] the expression of particular points of view [nor] force[] speakers to alter their speech to conform to an agenda which they do not set." *Pacific Gas & Elec*, 106 S.Ct. at 908. The must-carry provisions do not "restrict [Plaintiffs'] speech to certain topics or views or [] force [them] to respond to views that others may hold." *Id.*, at 909. Must-carry will not "impermissibly require [Plaintiffs] to associate with speech with which [they] may disagree" nor make them "feel compelled to respond to arguments and allegations made by [a local broadcaster] in its messages to [Plaintiffs'] customers." *Id.*, at 911.

Cable operators are left with ample channels to disseminate their own views, and there is nothing about sections 4 and 5 of the 1992 Cable Act which might cause a cable operator to "conclude that, under these circumstances, the safe course is to avoid controversy, thereby reducing the free flow of information and ideas." *Id.*, at 910 (citation omitted). Finally, "if experience with [the must-carry provisions] indicates that they have the net effect of reducing rather than enhancing the volume and quality of coverage, there will be time enough to reconsider the constitutional implications." *Red Lion Broadcasting Co. v. F.C.C.*, 89 S.Ct. 1794, 1808 (1969).

Plaintiffs argue that the prohibition outlined in *Tornillo* and *Pacific Gas & Elec.* against governmental intrusion into the province of editorial discretion provides an independent basis leading the Court to apply strict First Amendment scrutiny to this case. In those cases, the clear content-triggered operation of the governmental regulation threatened to alter the mix of information chosen by the newspaper or newsletter at issue. Since neither a newspaper nor a newsletter is "a passive receptacle or conduit for news, comment, and advertising", *Tornillo,* 94 S.Ct. at 2840, such interference with the editor's function triggered heightened scrutiny.

While cable operators do exercise some control and judgment about the mix of overall programming they provide, such judgment does not entail the detail-oriented, content-based decisions made by the editors of newsletters, newspapers or other published sources of information. If the Cable Act compelled the cable programmers to carry the broadcasters' speech, or compelled the operators to relay a particular message, the Act undoubtedly would run afoul of the First Amendment. But that is not what is presented in this case. Requiring Cable operators to carry the programs of broadcasters, whatever the content of those programs may be, simply does not rise to the level of interference with editorial discretion which impinges on free speech or threatens to alter the mix of information available to the public.

B. *Programmers' Claim*

Plaintiff programmers challenge the must-carry provisions as impermissibly favoring the speech of broadcaster stations over that of cable programmers.

"Generally, statutory classifications are valid if they bear a rational relation to a legitimate governmental purpose. Statutes are subject to a higher level of scrutiny if they interfere with the exercise of a fundamental right,

such as freedom of speech, or employ a suspect classification." *Regan v. Taxation Wtih Representation,* 103 S.Ct. at 2001-2002. Programmers and broadcasters clearly are not constitutionally protected groups. And, having found that must-carry does not violate the First Amendment, heightened scrutiny is not warranted in this case.[7] Since I agree with Judge Jackson that the 1992 Cable Act passes muster under the rational relations standard of review, this argument fails.

Finally, it must be pointed out that the only challenge before this Court is provided under the First Amendment. No challenge has been made under the taking provision of the Fifth Amendment or any other legal provision. Upholding the 1992 Act against Plaintiff's First Amendment challenge should in no way be taken as an endorsement of the legislation. Indeed, it may be preferable that the market be permitted to regulate itself. Of course, even the most avid proponents of free competition recognize that there cannot be effective free market competition without first eliminating the natural and not so natural monopolies that too many cable companies now enjoy.

III

Plaintiffs' attempt to substitute Congress' regulation of the cable industry with regulation by the First Amendment is mischievous. It is inconceivable that our forefathers at any time contemplated that the First Amendment would be used to regulate an industry that came into existence over 150 years after the Bill of Rights was adopted.

Here, the Government has steppped aside to allow the private sector to perform signal transmission and alloca-

[7] Moreover, a requirement that cable *operators* carry broadcast programming cannot be said to compel speech on the part of cable programmers. Thus, even if the First Amendment was implicated in this case, it is not clear that the programmers would have standing to assert this claim.

tion functions that the Government itself could have reserved for itself, without facing any conceivable First Amendment challenge by broadcasters or other programmers because of the regulatory method chosen. To the extent to which cable is performing a "public utility" function which the Government itself could perform, Congress certainly has the right to adopt reasonable regulations.

Congress has determined that cable companies' growing anti-competitive behavior and monopolistic power threatens the broadcast industry and the public's access to a wide array of local, public and educational programming. Congress decided to address this danger by enacting the Cable Act of 1992. In so doing, Congress was not motivated by a desire to stifle the speech of cable operators or programmers—indeed, ample channels remain open for their use—but by a desire to alleviate the effects of cable companies' monopolies and to preserve the diversity of voices represented by local, public and educational broadcasters. Whether there were other preferable ways of accomplishing Congress' objective is not for the Court to decide. So long as the method adopted by Congress is an appropriate one, it must stand and may not be second guessed by the judiciary. Consequently, I find that the Cable Act of 1992 does not run afoul of the First Amendment.

DATE 4/8/93

/s/ Stanley Sporkin
STANLEY SPORKIN
U.S. District Judge

For the foregoing reasons, it is, this 8th day of April, 1993,

ORDERED, that the plaintiffs' motions for summary judgment on the must-carry claims are denied; and it is,

FURTHER ORDERED, that the federal defendants' motion to dismiss the must-carry claims are granted; and it is,

FURTHER ORDERED, that the motion of intervenor-defendant Local Community Broadcasters for summary judgment on a cross-claim is denied; and it is

FURTHER ORDERED, that the complaints of the plaintiffs and the intervenor-plaintiffs, insofar as they challenge as unconstitutional sections 4 and 5 of the 1992 Cable Act, are dismissed with prejudice; and it is

FURTHER ORDERED, that the complaints of the plaintiffs, insofar as they challenge section 6 of the 1992 Cable Act as not severable from purportedly unconstitutional provisions of that Act, are dismissed with prejudice; and it is

FURTHER ORDERED, that the cross-claim of intervenor-defendant Local Community Broadcasters is dismissed with prejudice; and it is

FURTHER ORDERED, that all other pending motions relating to the constitutionality of sections 4 and 5 of the 1992 Cable Act are denied and dismissed as moot.

/s/ Thomas Penfield Jackson
THOMAS PENFIELD JACKSON
U.S. District Judge

/s/ Stanley Sporkin
STANLEY SPORKIN
U.S. District Judge

DISSENTING OPINION

WILLIAMS, *Circuit Judge*, dissenting: The must-carry provisions of the Cable Television Consumer Protection and Competition Act of 1992 ("1992 Act") are ably set forth by the majority at pp. 3-6. In essence, they require cable operators to set aside just over a third of their channels for local broadcast stations. (The one-third-plus figure comprises both the commercial stations protected under §4 of the Act and the non-commercial stations protected under § 5.) In addition, each privileged broadcast station has a right to its specific "channel position" on the cable system. 1992 Act at §§ 4(b)(6) and 5(g)(5).

In considering cable, Congress confronted a very real problem—one for which it has an easy remedy entirely consistent with the First Amendment. The problem is that cable systems control access "bottlenecks" to an important communications medium. In fact, while there are several thousand cable operators in the United States, only 53 communities are served by more than one operator. Debates, 138 Cong. Rec. S400, S436 (comments of Senator Gorton). There are well-developed regulatory responses to this sort of situation. The "bottleneck" holder may be ordered to serve all parties that meet neutral criteria for service. The Federal Communications Commission itself administers just such regulations in assuring that interstate long-distance telephone companies have access to local telephone networks. 47 U.S.C. § 202; and see, e.g., *MTS and WATS Market Structure Phase III*, 100 FCC 2d 860, 861 (1985) (adopting rules and policies relating to access). Indeed, courts have sometimes taken on the supervision of such compulsory access under the "essential facilities" doctrine of the antitrust laws. *United States v. Terminal Railroad Ass'n*, 224 U.S. 383 (1912). These solutions are, of course, im-

perfect; for example, they pose tricky pricing issues.[1] But mandatory access rules of this sort give no special privilege to one set of access seekers over another.

In fact, in 1984 Congress adopted provision for neutral, compulsory access to cable in § 612 of the Cable Communications Policy Act of 1984 ("1984 Act"), 47 U.S.C. § 532, a solution somewhat refined in § 9 of the 1992 Act. This provision entitles independent programmers to lease access on cable systems, at reasonable prices to be set by the FCC. Although the channels available for lease under § 612 are limited to a specified proportion of each operator's channels (depending on the total number that the operator possesses, 47 U.S.C. §§ 532(b)(1)(a)-d)), Congress remains free to expand the fraction of channels available. The only programmers excluded from the benefits of § 612 are those affiliated with the cable operator, i.e., the very ones who would be the likely beneficiaries of operator discrimination and who are therefore in no need of the law's intervention.

The must-carry provisions, by contrast, extend the privilege of access only to a special class of unaffiliated programmers—local commercial and non-commercial television stations. Congress rested its decision to promote these stations in part, but quite explicitly, on a finding about their content—that they were "an important source of local news and public affairs programming and other local broadcast services critical to an informed electorate." See 1992 Act, § 2(a)(11). Moreover, because of FCC licensing requirements, *every* such local broadcaster is legally bound to "provide programming responsive to issues of concern to its community." *Report and Order*, MM Docket No. 83-670, 98 FCC 2d 1076,

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[1] See, e.g., William J. Baumol, "Deregulation and Residual Regulation of Local Telephone Service", Ch. VII, American Enterprise Institute Studies in Telecommunication Deregulation (draft, March 8, 1993).

1091-92 (1984). See also National Association of Broadcasters ("NAB") Corrected Memorandum at 24-25 (emphasizing force of mandate to carry local content). In other words, by virtue of provisions of law outside the 1992 Act, the term used by the Act to define the benefitted class *automatically* entails content requirements.

A number of parties challenge these mandates, among them the cable operators who must carry local broadcast stations in place of their own choice of programming, and, even more significantly, the unaffiliated cable programmers, such as Discovery Network, producer of the Discovery and Learning Channels, whose programming will be supplanted. I shall apply current First Amendment analysis to their claims, but before doing so I think it useful to imagine a few hypothetical cases outside the area of cable. If the answers to those hypotheticals are as clear as I think they are, then—unless there is something terribly special about cable, apart from the bottleneck issue addressed by § 612 of the 1984 Act—the must-carry provisions must fall.

1. The Washington Post develops and patents a special "paper-springer" that enables it to deliver papers at a tiny fraction of others' costs. Assume that paper delivery costs represent a very large share of total costs, so that this technology is a source of overwhelming monopoly power. Congress decrees that The Post must license the paper-springer—but only to publishers of local, neighborhood papers (i.e., not citywide ones). This cuts out The Washington City Paper, The Washington Informer, and the Washington Times.

2. A state is concerned that large shopping centers represent a vital gathering places of citizens and that center owners may not willingly allow the sort of leafletting or soap-box oratory associated with a vibrant democracy. Accordingly it requires owners

to allow such leafletting and oratory regardless of the leafletters' or speakers' message. See *PruneYard Shopping Center v. Robbins*, 447 U.S. 74 (1980). But finding that *local* residents are an especially important source of this vibrant debate, it limits the privilege to persons living within four miles of each shopping center. This excludes the proverbial "outside agitator".

These scenarios are in fact *less* troublesome under the First Amendment than the must-carry rules; the parties selected to benefit from the bottleneck-breaking rules are defined in content-neutral terms. Here, by contrast, the beneficiaries are local stations that are required by government to include specific content that the government has deemed especially worthy.[2]

Standard of Review. The standard of review in First Amendment cases usually depends on whether the regulation is content-based, leading to "strict scrutiny", *Arkansas Writers' Project, Inc. v. Ragland*, 481 U.S. 221, 231 (1987); *Carey v. Brown*, 447 U.S. 455, 461-62 (1980), or content-neutral, leading to more relaxed scrutiny under the formula of *United States v. O'Brien*, 391

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[2] Government line-drawing in First Amendment cases can be analyzed both in terms of the distinction between content-based and content-neutral rules, and in terms of underinclusiveness. An underinclusiveness claim, when the classification is not content-based, is extremely weak; typically the law's challenger is saying in essence that the law should fall because it burdens *too little* speech. See, e.g., *Walsh v. Brady*, 927 F.2d 1229, 1236 (D.C. Cir. 1991). This seems counterintuitive, and such claims rarely prevail. See, e.g., *Austin v. Michigan Chamber of Commerce*, 494 U.S. 652 (1990). Here, however, the operators, and especially the independent cable programmers, do not say that the law fails because the burden is too narrow; they say it fails because the *beneficiaries* are so narrowly defined, and that the underinclusiveness thwarts rather than furthers the legitimate purpose of diversity. Even apart from the content-based character of the provision, then, the claim is stronger than the usual one of underinclusiveness.

U.S. 367 (1968), as modified in *Ward v. Rock Against Racism*, 491 U.S. 781 (1989). Here the statute is content-based under controlling precedent. The must-carry provisions mandate speech: they require cablecasters to carry the speech of local broadcast stations. As the Supreme Court held in *Riley v. Nat'l Fed. of the Blind of North Carolina*, 487 U.S. 781 (1988), "Mandating speech that a speaker would not otherwise make necessarily alters the content of the speech. We therefore consider the Act [mandating certain disclosures by charitable solicitors] as a content-based regulation of speech." *Id.* at 795. This alteration of content is equally certain here; under the must-carry mandate, cablecasters must replace the programs they would have chosen, regardless of origin, with programs selected by local broadcasters.

The *Riley* Court did *not*, however, immediately proceed to apply strict scrutiny. Rather, addressing a claim that the speech was basically commercial, the Court rejected that view on the ground that the commercial elements were "inextricably intertwined" with fully protected non-commercial speech. *Id.* at 796. More generally, it said that the Court's "lodestars in deciding what level of scrutiny to apply to a compelled statement must be the nature of the speech taken as a whole and the effect of the compelled statement thereon." *Id.* While here we have no issue of commercial speech, I read the *Riley* analysis as a caution against assuming that all compulsions of speech, even fully protected speech, must receive strict scrutiny. We must look further.

Where a government regulation of *conduct* has an "incidental" burden on speech, the Court looks to whether the *interest* asserted by the government "is unrelated to the suppression of free expression", *Texas v. Johnson*, 491 U.S. 397, 407 (1989) (internal quotations omitted), or, as the Court expressed it later on the page, "unconnected to expression", *id.* Application of a test for "incidental" burdens on speech seems highly artificial here.

Given the finite number of cable channels,[3] replacement of the cablecaster's choice of programs with those of local broadcasters suppresses the alternative programs as completely as if Congress had ordered them shut down; there is nothing "incidental" about the burden. Further, one of the interests explicitly asserted by Congress was the benefit of "local news and public affairs programming", 1992 Act, § 2(a)(11); and indeed the class of chosen beneficiaries is defined by other legal provisions as persons *bound* to include some minimum level of local programming content. Moreover, the Court applies strict scrutiny to rules that control editorial discretion, *Miami Herald Pub. Co. v. Tornillo*, 418 U.S. 241 (1974), which surely comprises the choice of programs. See *Leathers v. Medlock*, 111 S. Ct. 1438, 1442 (1991) (noting that cable "is engaged in 'speech' under the First Amendment, and is, in much of its operation, part of the 'press' "); see also *City of Los Angeles v. Preferred Communications, Inc.*, 476 U.S. 488, 494 (1986) (noting that cable operators exercise significant editorial discretion).

On the other hand, in *PruneYard Shopping Center v. Robins*, 447 U.S. 74 (1980), the Court assessed mandated speech without any explicit reference to strict scrutiny. The case hardly establishes that speech mandates need not pass such scrutiny, however. Free speech was on both sides of the balance in *PruneYard*, for the challenged state rule entitled *anyone* to engage in various expressive activities such as speaking and leafletting at shopping centers. The owner's only First Amendment claim was its right to silence, and the Court found that interest of little weight in context: the owner had dedicated the property to commercial use open to the public;

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[3] There is uncontroverted evidence that 2000 cable systems, serving one-third of all subscribers, have no excess channel capacity. NCTA Statement of Material Facts at ¶ 6. It is further undisputed that there are many unaffiliated, non-broadcast programmers seeking access, but who will lose out because of the preferential treatment of broadcasters. *Id.* at ¶ 8; Klein Affidavit at ¶ 6.

it could readily disassociate itself from the ideas expressed; and the rule made no inroad into editorial functions. *Id.* at 87-88. While the Court did not use the language of strict scrutiny, the rule would likely have survived such review, given the state's purpose of assuring expressive opportunities on a completely nondiscriminatory basis, and the weakness of the shopping center's competing speech interests. Thus *PruneYard* cannot reasonably be taken to allow speech mandates to escape strict scrutiny.

The Supreme Court has also developed rules governing the First Amendment evaluation of taxes on the media. While the must-carry regulations are not in form taxes, they are in substance indistinguishable from a tax-subsidy combination—a tax falling exclusively on cable-casters, in an amount large enough to fund a subsidy for local broadcasters to enable them to lease cable channels. The Court has insisted on a "compelling justification" for any use of the taxing power "to single out the press". *Leathers*, 111 S. Ct. at 1443; see also *Minneapolis Star & Tribune Co. v. Minnesota Comm'r of Revenue*, 460 U.S. 575, 585 (1983). Where a tax not only singles out the press but "targets a small group of newspapers", even by entirely content-neutral categories, the government must carry a "heavy burden" to sustain the distinction. *Id.* at 591, 592-93. See also *Arkansas Writers' Project, Inc. v. Ragland*, 481 U.S. 221 (1987) (imposing "heavy burden" of justification for tax that singles out a subset of the press for a special tax, based on broad content categories).

Leathers itself, of course, upheld a tax statute that distinguished between cable operators and broadcasters, and indeed specified that in the context of a generally applicable tax the distinction was *not* subject to heightened scrutiny. 111 S. Ct. at 1444-47. Although the Court observed broadly that "differential taxation of speakers, even members of the press, does not implicate

the First Amendment unless the tax is directed at, or presents the danger of suppressing, particular ideas", *id.* at 1447, the observation was in the context of a "broad-based, content-neutral sales tax" that fell on virtually every good or service sold in Arkansas, *id.* The treatment of First Amendment values as irrelevant cannot be transported to the context of a burden imposed on one set of speakers for the direct and explicit advantage of a limited class of their competitors—a class whose programming must, as a matter of law, include content of a type specified by the government. Accordingly, I conclude that the proper test is strict scrutiny.

Application of the test. To survive strict scrutiny, regulation of speech must serve a "compelling" governmental purpose and its "means must be carefully tailored to achieve those ends." *Sable Communications v. FCC*, 492 U.S. 115, 126 (1989). First we must identify the government's interests, and then assess the fit between each of those interests and the must-carry requirements.

The Senate Report articulated the congressional interests as follows:

> (1) preserving the benefits of local television service, particularly over-the-air television service; (2) promoting the widespread dissemination of information from diverse sources; and (3) promoting fair competition in the video marketplace.

S. Rep. 102-92 at 58. These purposes are reflected in §§ 2(6)-(15) of the Act. Because this statement of purposes involves some overlap, the analysis will be clearer if we reformulate them as follows: (A) preservation of open access to cable in order to assure diverse programming (see purposes (2) and (3) above); and (B) preservation of local broadcasting (see purposes (1) and (3) above). This second reason involved not only a desire to promote "local news and public affairs programming", see § 2(a)(11) of the Act, but also a wish

to assure that local broadcasters could continue to serve those persons who either did not, or could not, subscribe to cable. I address diversity first, then the preservation of local broadcasters.

Open Access for Diverse Programming

I assume that, at least at some level of abstraction, the interest in promoting diversity of views on cable is compelling. With regard to the broadcast spectrum the Court has characterized programming diversity as an "important governmental objective", *Metro Broadcasting, Inc. v. FCC*, 110 S. Ct. 2997, 3011 (1990), and a lengthy passage in *Miami Herald Pub. Co. v. Tornillo*, 418 U.S. at 247-54, though inconclusive, appears to regard the interest in correcting newspaper monopolies as extremely valuable. In *Tornillo*, however, the Court balked at the state's remedy—a right-of-reply statute—on the ground that it would interfere with editorial discretion. The interference took two forms: *first*, the statute compelled "editors or publishers to publish that which reason tells them should not be published", *id.* at 256 (internal quotations omitted), and *second*, it tended to dissuade editors from publishing those controversial statements that would trigger the right of reply, *id.* at 257. Framing the case in modern doctrine, the Court may be said to have found the solution too instrusive to satisfy the requirement of careful "tailoring".

Here, too, the fit between the interest and the regulation is extremely weak. It is far from clear that giving local broadcasters an entitlement to be carried will increase program diversity *at all*. Because cablecasters now carry the vast majority of local stations (as explained further below), the must-carry rules may have little effect, but where they have any, it will be only to replace the mix chosen by cablecasters—whose livelihoods depend largely on satisfying audience demand—with a mix derived from congressional dictate.

Moreover, in considering "fit" one must look at the available alternatives. As the Court said recently in assessing the fit of a statute that burdened commercial speech, "[I]f there are numerous and obvious less-burdensome alternatives to the restriction on commercial speech, that is certainly a relevant consideration in determining whether the 'fit' between ends and means is reasonable." *City of Cincinnati v. Discovery Network, Inc.*, 61 U.S.L.W. 4272, 4274 n.13 (U.S. March 24, 1993). Here, one obvious alternative is expansion of the access provisions of § 612 of the 1984 Act. Those access provisions are far less burdensome—in the critical sense of minimizing government interference in the choice of *who* will have access to cable. Under § 612, *all* programmers are eligible for leased access except the ones that don't need it—the affiliates of a cable operator. 47 U.S.C. § 532(b)(1).

Even neutral remedies such as § 612 are subject to challenge under *Tornillo*, as they replace the cablecaster's speech with that of others. But a number of distinguishing factors argue for upholding the leased access solution. First, a relatively large number of channels is available (ranging from the teens up to 40, 50 and more), so that the scope of the monopolization is greater than in *Tornillo*. Second, the channels are discrete, so that viewers will be less likely to attribute all speech on all channels to the cablecaster. And there is no chilling effect on the cablecaster's programming of the remaining channels. Finally, the benefitted group precisely fits the legislative concern— all unaffiliated programmers.

The last is conspicuously missing from must-carry. The difference between the two is the difference between the state rule upheld in *PruneYard Shopping Center* and the hypothetical set forth at the start of this opinion—a *PruneYard*-type entitlement limited to a specific class of would-be speakers defined in terms of their location. Indeed, the must-carry requirements are worse than the

PruneYard hypothetical, for admission to the privileged class requires, as a matter of law, the carrying of specific program content.

It is quite true, of course, that Congress found in 1992 that leased access under § 612 has not been as effective as predicted in 1984, pointing to cumbersome enforcement procedures and undue cablecaster control over prices and other conditions of access. See H. Rep. 102-628 at 39-40. But the Report went on to "restate[]" the Committee's "belief that access requirements establish a form of content-neutral structural regulation 'which will foster the availability of a diversity of viewpoints to the listening audience'." *Id.* at 40. More important, to the extent that Congress spotted defects in § 612, it set out to correct them. The 1992 Act amends § 612 by clarifying and broadening the FCC's authority to set maximum reasonable rates and other reasonable terms and conditions for access. See 1992 Cable Act, § 9. Given § 612, and Congress's authority to expand its scope, the must-carry rules do not provide a reasonable fit with the diversity rationale.

Preservation of Local Broadcasting

The second interest that Congress has invoked is the preservation of local broadcasting. Section 2(a)(10) of the Act is explicit: "A primary objective and benefit of our Nation's system of regulation of television broadcasting is the local origination of programming. There is a substantial governmental interest in ensuring its continuation." In part this interest derived from the local content of such broadcasting—"an important source of local news and public affairs programming." 1992 Cable Act § 2(a)(11). But in addition the interest derived from an indirect concern for the households not served by cable—both those unwilling or unable to pay for the service and the 10% for whom such service is physically unavailable. Here Congress reasoned that if broadcast stations ever lost the advertising revenues attributable to

the audiences they reach through cable service, they would be driven from business and thus be unable to provide service for those without cable. There was also special concern that local broadcast stations were exceptionally vulnerable as potential victims of cablecaster bottleneck control, because of their competition with cable for advertising revenue. See 1992 Act, § 2(a)(14)-(16). I will first address the issue of local content, then the preservation of over-the-air service.

Local content. It seems extremely doubtful that forcing local affairs content on First Amendment speakers could ever qualify as a compelling interest (at least outside the special preserve of broadcasting itself, to which I return below). If government "may not select which issues are worth discussing or debating in public facilities", *Police Department of Chicago v. Mosley*, 408 U.S. 92, 96 (1972), it is hard to see why it may do so on private facilities.

Even if by some stretch an interest in local content were "compelling", far less restrictive means are readily available. Congress is free to subsidize favored speech if the market is too weak to sustain the quantity that Congress seeks. See, e.g., *Rust v. Sullivan*, 111 S.Ct. 1759, 1774 (1991); cf. *Regan v. Taxation with Representation*, 461 U.S. 540, 544-48 (1983); compare *Arkansas Writers' Project* (striking down content-based tax burden). Given those means, Congress cannot advance specific content by requiring a competing class of First Amendment speakers to carry the favored speech. "[T]he concept that government may restrict the speech of some elements of our society in order to enhance the relative voice of others is wholly foreign to the First Amendment". *Buckley v. Valeo*, 424 U.S. 1, 48-49 (1976).

Preserving over-the-air TV service. I assume that as an abstract matter government has a compelling interest in assuring access to TV for those unwilling or unable to

subscribe to cable, and especially those beyond cable's physical reach. The first difficulty with the argument here is that there is no evidence that this access is in jeopardy. The interest, as the Court said of a concern for breaches of the peace in *Texas v. Johnson*, 491 U.S. 397 (1989), simply "is not implicated on this record". *Id.* at 407.

The most plausible evidence would be of local TV stations going under and of licensees turning in their licenses. Nothing remotely like that is in sight—the facts show quite the opposite. Plaintiff National Cable Television Association asserts (without contradiction) that in the years since the D.C. Circuit Court of Appeals invalidated the FCC's first effort at must-carry, *Quincy Cable TV, Inc. v. FCC*, 768 F.2d 1434 (D.C. Cir. 1985), the number of commercial broadcast stations has *increased* by 22% (from 919 to 1118), the number of educational broadcast stations by 15% (from 316 to 363), and the number of cities receiving broadcast television by 16% (from 514 to 594). NCTA's Statement of Material Facts ¶¶ 12-14. Thus, not only are licenses not being turned in for want of profitable opportunities, but evidently entrepreneurs continue to seek the additional licenses that the FCC makes available. As a result, they are both deepening and spreading the coverage of over-the-air TV. Whatever risk there may be in the abstract has completely failed to materialize.

Defendants and defendant-intervenors urge in response that this record means little; since *Quincy*, the shadow of possible congressional intervention has fallen across the cable industry, causing operators to be less ruthless than they would be if must-carry were invalidated. Remove the shadow, they claim, and the operators will show their true monopolist colors.

This argument is incurably flawed. If the constitutionally fatal aspect of the must-carry rules is the absence of evidence of any visible threat to the over-the-air TV in-

dustry, then the rules would become constitutional the minute the industry was visibly threatened. Accordingly, cablecasters would continue to operate under the same shadow of congressional intervention, and over-the-air TV would continue to thrive. Invalidation of must-carry for want of evidence would preserve the supposedly necessary threat.

Supporters of must-carry thus turn to evidence of (1) instances where cablecasters have actually dropped broadcast stations and (2) structural relationships in the industry, which, they say, indicate the threat is real. Indeed, in its findings, Congress noted a "marked shift in market share from broadcast television to cable television", 1992 Act, § 2(a)(13), and also endorsed the structural argument, *id.* at §§ 2(a)(12) (14-15).

The congressional finding on *actual* effects is not disputed—nor is it supportive of must-carry. That cable has grown faster than broadcast does not in the slightest suggest that broadcast is in peril.

The record before Congress did, however, include evidence of some cable operators' dropping broadcast channels. Specifically, the Senate Report cites evidence that, of 4303 cable systems disclosing data, 869 had dropped one or more local stations in a total of 1,820 instances.[4] S. Rep. 102-92 at 43. Because only half of the more than 8000 cable systems disclosed data, the committee extrapolated to find that approximately 1700 cable systems have denied carriage in approximately 3600 instances. *Id.*

These facts do not support an inference that over-the-air TV is at risk. First, they indicate (by simple subtraction) that 80% of cable systems have never dropped

[4] Clearly some stations were dropped on more than one occasion, indicating that being dropped must in many instances have been temporary. We have not been directed to any evidence of how many stations may have been permanently dropped.

a single local broadcaster. Second, it is impossible to know what to make of the 3600 estimated instances of dropping when we do not know either the percentage of total broadcasters that the figure represents or the character of the broadcast channels dropped. What pertinent data there is on the record states that the average cable system in 1990 carried just over eight local broadcast signals (7% *more* than were carried in 1985). Klein Affidavit at ¶ 13. Taking Congress' figure of over 8000 cable systems, this would indicate that there are at least 64,000 local broadcast signals being carried on cable systems (clearly this figure counts single stations multiple times, just as does the raw figure on drops). Next to this figure, the 3600 instances of droppage[5] do not support an inference of peril to the broadcast industry or even any segment of that industry. In fact, plaintiff NCTA submits further, uncontradicted evidence that in 1988, well after the FCC must-carry rules had been struck down, 98% of all the broadcast stations that would have qualified for mandatory carriage were still being carried despite the absence of such a requirement. Klein Affidavit at ¶ 12.

There is furthermore no information about the characteristics of the broadcasters actually dropped. Such distinctions are important. Plaintiff Time-Warner Entertainment ("TWE") alleges without contradiction that the must-carry rules will require it to carry, in its Staten Island, New York line-up, not one but *two* stations from Bridgeport, Connecticut. TWE Memorandum in Support of Motion for Summary Judgment at 12. If many of the stations dropped have as remote a link to the dropping cablecaster's market as do these Bridgeport stations, it would explain why the cable operators' right to drop has coexisted with the broadcast industry's continued growth.

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[5] The record doesn't indicate the time frame within which these drops occurred. If it was a period of years, this even further weakens the inferential chain.

Thus we have *nothing* to connect the limited evidence of cable operators' actual conduct with any inference that a threat to broadcast is imminent or serious.

The structural argument is that the competition between cable and broadcast for advertising revenue gives cable operators an incentive to drop broadcast stations. See 1992 Act, §§ 2(a)(12), (14-15). (Taken at its best, this theory would lend *no* support to § 5 of the Act (relating to noncommercial TV), as the educational stations do not advertise.) The evidence cited in the Senate Report consists of a projected 17% growth rate in cable advertising revenues. S. Rep. 102-92 at 44. Yet rapid growth in advertising seems easily attributable to the growth of cable, and perhaps some branching into advertising-supported programs. In itself, it shows neither a purpose to undermine broadcast TV nor the start of a campaign to do so. Broadcast television evidently still acounts for 92% of all television advertising revenues. See Hendricks Declaration at ¶ 22(d).[6]

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[6] The National Association of Broadcasters points to evidence before Congress that on some occasions cablecasters repositioned broadcast channels and placed less popular programs at the former broadcast position. NAB Corrected Memorandum, etc. at 22. This is urged as confirmation that cable operators will pursue advertising revenue at the expense of viewer satisfaction. At oral argument cable representatives noted in response that the data referred to periods immediately after the switch, when the new programs had little or no reputation with audiences. In any event, the reasoning of the broadcasters is hard to follow, and seems especially ironic coming from firms that depend exclusively on advertising revenues. Broadcasters might well increase their audiences by dropping advertisements, but no one expects them to do so; it is recognized that they accept detriments to audience satisfaction where justified by increases in net revenue. That cable operators may make some such calculations is no evidence of anticompetitive purpose. In fact, because cable operators' revenues are overwhelmingly due to subscription fees, see below, advertising seems likely to be less common on cable.

Further, cable television appears to continue to be dependent on local broadcasters as critical suppliers of programming. Congress explicitly found that "broadcast programming that is carried remains the most popular programming on cable systems, and a substantial portion of the benefits for which consumers pay cable systems is derived from carriage of the signals of network affiliates, independent television stations, and public television stations." 1992 Act, § 2(a)(19). In fact, local broadcaster programming accounts for approximately two-thirds of total cable viewing hours. S. Rep. 102-92 at 35. Moreover, the ratio of cable subscription fee revenues to advertising revenue is evidently 25:1. TWE Reply Memorandum in Support of Motions for Summary Judgment at 15. So long as local broadcast programs continue to be so popular, it appears that cable simply cannot afford to drop broadcast channels to any significant degree.

Finally, even if local broadcasters were in perceptible peril, it would not follow that Congress could secure their survival by must-carry provisions. Again, less intrusive alternatives are obvious. First, if evidence of any risk should appear, Congress could get broadcast TV into the homes of cable viewers (and thus preserve the stations' advertising revenues) by expanding leased access under the neutral provisions of § 612 of the 1984 Act. Second, if broadcasters' programs were not popular enough to enable them to pay the leasing fees set by the FCC, Congress could subsidize the difference to the extent necessary. Compare *Rust v. Sullivan*, 111 S. Ct. at 1774.

In reaching these conclusions, I do not question Congress's power to engage in critical fact-finding. The degree of deference that we owe such findings is hotly disputed between the parties. *Compare* NCTA Reply Memorandum at 41-42 (citing *Sable Communications of California v. FCC*, 492 U.S. 115, 129 (1989); *Landmark Communications, Inc. v. Virginia*, 435 U.S. 829, 843-44 (1978), *with* DOJ Answer at 37 (citing *Metro Broad-*

casting, Inc. v. FCC, 497 U.S. 547, 572 (1990). My view does not turn on any resolution of that dispute, because the legislative findings simply do not support the inferences needed to sustain must-carry. The problems are that (1) there is *no* finding of any present or imminent harm; (2) the evidence of some dropping of broadcast channels in itself fails to show any widespread problem; (3) the proliferation of local broadcast stations since the end of the FCC's must-carry rules undermines any inference of a problem; (4) the findings as to structure and incentives, taken together with the evidence of cable's dependence on broadcasting, fail to raise the concern beyond the level of speculation; and (5), even if the hazard were perceptible, the record does not address the less intrusive alternatives. If findings as scantily connected to the conclusion as these can justify must-carry, then the door is open—even in the area of First Amendment rights—to exercise of the most naked interest-group preferences. Cf. Cass R. Sunstein, "Naked Preferences and the Constitution", 84 Colum. L. Rev. 1689 (1984).

Thus I conclude that—unless the analysis of First Amendment issues in the special context of *broadcast* for some reason supervenes—the must-carry provisions violate the First Amendment.

Proposed Use of Broadcast Analysis

Some defendants urge the court to use the sort of diluted First Amendment analysis applied to broadcasting in *Red Lion Broadcasting Co. v. FCC*, 395 U.S. 367 (1969). DOJ Answer at 26; NAB Corrected Memorandum, etc. at 46. Use of the broadcast standards would be completely inappropriate.

The weakened status of broadcasters under the First Amendment arose from the Supreme Court's conclusion that discretionary government allocation of channels was necessary for the orderly use of the broadcast medium—

or at any rate that such allocation was not materially more intrusive on First Amendment values than any visible alternative. In *National Broadcasting Co. v. U.S.*, 319 U.S. 190 (1943), the Court upheld the FCC's so-called "Chain Broadcasting" regulations (aimed at preventing monopolization of radio licenses) against a variety of statutory challenges and a First Amendment claim. "[R]adio inherently is not available to all." *Id.* at 226. "That is its unique characteristic, and that is why, unlike other modes of expression, it is subject to governmental regulation." *Id.* Thus, "The right to free speech does not include . . . the right to use the facilities of radio without a license." *Id.* at 227.

Although the precise question was not before it, the Court appeared to assume that these factors logically entailed discretionary government allocation of licenses, so that such allocation presented no First Amendment problem so long as the choice was not openly based on the applicants' "political, economic or social views, or upon any other capricious basis." *Id.* at 226.[7] This of course overlooked content-neutral bases for handling the problems, such as (1) the rule of first possession, which in fact preceded government allocation and tracked the doctrine of prior appropriation,[8] (2) auctions, and (3) lotteries.[9] These content-neutral alternatives evidently went by default, as those raising the First Amendment claims —the incumbent broadcasters—had no incentive to undermine the system under which they held their own quasi-monopoly licenses. *NBC* of course paved the way

[7] I use the qualifying adverb "openly" advisedly. Careful research suggests, as anyone would expect, that often the political allegiance of applicants has been critical in license allocation. See, e.g., Lucas A. Powe, Jr., American Broadcasting and the First Amendment 68-84 (1987).

[8] See Thomas W. Hazlett, *The Rationality of U.S. Regulation of the Broadcast Spectrum*, 33 J. L. & Econ. 133, 147-52, 163 (1990).

[9] Cf. 47 U.S.C. § 309(i).

for *Red Lion*, which upheld, for the broadcast medium, the sort of government-managed right to respond that the Court later struck down for the print media in *Tornillo*. *Compare Red Lion*, 395 U.S. at 386-401, *with Tornillo*, 418 U.S. at 247-58. Here, of course, not even the defendants or defendant-intervenors suggest that discretionary allocation of channels is necessary or even appropriate to preserve access to cable. In the face of § 612, such a claim would be untenable.

Defendants and defendant-intervenors, however, seeking to deny cable operators full First Amendment protection, point to three special characteristics of cable that in their view justify government management of the channels: (1) the cable operators' need for rights-of-way, along or under city streets, in order to lay their cable; (2) the cable industry's prior enjoyment of special government privileges; and (3) the ability of cable operators to engage in "private censorship" against the speech of broadcasters. Neither alone nor in the aggregate do these justify subjecting cable to diminished First Amendment protection.

Rights-of-way. State, city and county governments have property interests in the streets, so that the placement of cable commonly requires government consent. There may also be instances where the federal government holds a proprietary interest essential to the laying of cable. These governments may seek to condition their consents on the operators' waiver or abandonment of their First Amendment rights. If so, courts would presumably assess these efforts under the doctrine of unconstitutional conditions. *Elrod v. Burns*, 427 U.S. 347, 357-60 (1976); *Perry v. Sindermann*, 408 U.S. 593, 596-98 (1972); *Western Oil & Gas Ass'n v. Cory*, 726 F.2d 1340 (9th Cir. 1984) (state method of calculating charges for use of right-of-way invalidated under negative commerce clause), aff'd 471 U.S. 81 (1985); *Omega*

Satellite Products Co. v. City of Indianapolis, 694 F.2d 119, 128-29 (7th Cir. 1982). We need not speculate on how such cases would work out. Here the federal government is not attaching conditions to the grant of a property interest; it is acting in a purely regulatory role. It cannot lean on proprietary powers that are out of the picture.

Prior benefits. Defendants argue that cable's initial growth depended, perhaps essentially, on government assistance in securing the right to retransmit the programs of broadcast channels, free of charge. See 17 U.S.C. § 111, as amended (compulsory copyright access); see DOJ Memorandum in Support of Motion to Dismiss at 27-28. This history seems completely irrelevant. If the Union Pacific Railroad were to own a newspaper, its history as a recipient of government largesse on a grand scale would surely not condemn it to second-class First Amendment protection. Of course *current* federal government benefits would provide an opportunity for attachment of conditions; but again, just what conditions might prove justifiable in the face of the unconstitutional conditions doctrine is not before us. With the adoption of § 6 of the 1992 Act, Congress gave broadcast stations an unequivocal right to withhold consent to retransmission.

Cablecasters' power to censor. Finally, intervenor-defendant NAB argues that cable operators can use their position to censor broadcasters. NAB Corrected Memorandum at 46. This argument amounts to nothing more than a reiteration of the fact that cable operators control a bottleneck. The mere fact that such control might force some programmers to find different ways to reach the public (which all programmers have via § 612, and which broadcasters uniquely have via the airwaves) does not give the government any right to force access on behalf of a preferred class of speakers. This follows *a fortiori* from *Tornillo*.

In short, the special character of cable is limited to one feature: bottleneck control of access to an important medium. A straightforward, speech-neutral solution to that problem exists and has already been employed by Congress in § 612 of the 1984 Act, as amended by § 9 of the 1992 Act. I see no constitutional obstacle to the expansion of that solution if Congress should deem it appropriate. Given the availability of that remedy (together with such subsidies as Congress might find suitable), I do not see how Congress can constitutionally deny cable operators the ordinary rights of any First Amendment speaker.[10]

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[10] Because of my conclusion on the First Amendment challenge to the must-carry provisions, I do not reach the contention of TWE and Daniels that those provisions also represent an unconstitutional taking of cablecasters' property in violation of the Fifth Amendment. I do not, however, regard the claim as frivolous. The creation of an entitlement in some parties to use the facilities of another, *gratis*, would seem on its face to implicate *Loretto v. Teleprompter Manhattan CATV Corp.*, 458 U.S. 419 (1982), where the Court struck down a statute entitling cable companies to place equipment in an owner's building so that tenants could receive cable television. The NAB responds that *Loretto* is limited to "physical" occupations of "real property". See NAB Opposition at 33. But the insertion of local stations' programs into a cable operator's line-up presumably is not a metaphysical act, and presumably takes place on real property.

NAB also argues that cable operators have no "historically rooted expectation of compensation" for the right to use their cable services, see *Loretto*, 458 U.S. at 441, evidently because of (1) local governments' practices of imposing carriage requirements as a condition of granting franchises and right-of-way access, and (2) prior similar federal impositions, seemingly granted in exchange for privileged entitlements to retransmit broadcasters' signals. Both seem of limited relevance for the reasons discussed above in connection with the parallel *Red Lion* theories: the local governments are not involved here, and the federal government has removed the quid for which it now seeks a quo.

Conclusion

The must-carry regulations in the 1992 Cable Act clearly burden the protected speech of cable operators, in favor of local broadcasters whose programming content is in material part specified by law. In requiring cable systems to carry a special group of competing speakers, Congress directly, not incidentally, restricts the cable operators' exercise of editorial discretion. None of the interests advanced by Congress supports such a burden. The diversity rationale fits poorly with mandatory carriage of a specific group of programmers, being served with neutrality by § 612's provision for leased access. Although the interest in protecting over-the-air TV for non-cable-subscribers may be compelling in the abstract, the findings in the record neither indicate any real threat nor suggest any flaw in the less burdensome and obvious means for addressing any such threat. For these reasons, I respectfully dissent, and would declare the must-carry provisions to be unconstitutional abridgments of the First Amendment rights of cable operators and unaffiliated programmers.

/s/ Stephen F. Williams
STEPHEN F. WILLIAMS
United States Circuit Judge

APPENDIX B

UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF COLUMBIA

Civil Action No. 92-2495
(SFW, TJP, SS)

NATIONAL CABLE TELEVISION ASSOCIATION,
Plaintiff,
v.

UNITED STATES OF AMERICA AND
FEDERAL COMMUNICATIONS COMMISSION,
Defendants.

NOTICE OF APPEAL TO THE SUPREME COURT
OF THE UNITED STATES

Notice is hereby given that National Cable Television Association hereby appeals to the Supreme Court of the United States from the April 8, 1993 Memorandum and Order of the three-judge district court, dismissing the complaint with prejudice. This appeal is taken pursuant to 28 U.S.C. § 1253.

Respectfully submitted,

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Dated: May 3, 1993

UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF COLUMBIA

Civil Action No. 92-2494
(SFW, TPJ, SS)

TIME WARNER ENTERTAINMENT COMPANY, L.P.,
Plaintiff,

- against -

FEDERAL COMMUNICATIONS COMMISSION and
UNITED STATES OF AMERICA,
Defendants.

NOTICE OF APPEAL TO THE SUPREME COURT OF THE UNITED STATES

Pursuant to Rule 18 of the Rules of the Supreme Court of the United States and Section 23 of the Cable Television Consumer Protection and Competition Act of 1992, Public Law 102-385, 106 Stat. 1460, and 28 U.S.C. § 1253, notice is hereby given that Time Warner Entertainment Company, L.P., hereby appeals to the Supreme Court of the United States from the April 8, 1993, Memorandum and Order (entered April 12, 1993) of the three judge district court convened in the above-captioned action (which was consolidated with Civil Actions No. 92-2247, 92-2292, 92-2495, and 92-2558) denying TWE's motion for summary judgment and granting the defendants' motion to dismiss with respect to Sections 4, 5, and 6 of the Cable Television Consumer Protection and Competition Act of 1992, Public Law 102-385, 106 Stat. 1460 (the "Act"), and holding that Sections 4 and 5 of the Act do not violate the First Amendment and that Section 6 of the Act need not be stricken as unseverable from Sections 4 and 5.

Simultaneously with this appeal, TWE is noticing a protective appeal to the United States Court of Appeals for the District of Columbia Circuit only for the purpose of protecting TWE should it ultimately be determined that the Circuit Court, rather than the Supreme Court, has jurisdiction of TWE's appeal from the order of the three-judge district court.

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DATED: Washington, D.C.
May 3, 1993

IN THE UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF COLUMBIA

Civil Action No. 92-2247
(Three-Judge Court)

TURNER BROADCASTING SYSTEM, INC., ARTS & ENTERTAINMENT NETWORK, BLACK ENTERTAINMENT TELEVISION, INC., E! ENTERTAINMENT TELEVISION, INC., HEARST/ABC-VIACOM ENTERTAINMENT SERVICES, INTERNATIONAL FAMILY ENTERTAINMENT, INC., NATIONAL CABLE SATELLITE CORPORATION, QVC NETWORK, INC., THE TRAVEL CHANNEL, INC., and USA NETWORKS,

Plaintiffs,

v.

FEDERAL COMMUNICATIONS COMMISSION
and UNITED STATES OF AMERICA,

Defendants.

AND CONSOLIDATED ACTIONS

Civil Action Nos. 92-2292, 92-2494, 92-2495
and 92-2558
(Three-Judge Court)

NOTICE OF APPEAL TO THE SUPREME COURT
OF THE UNITED STATES

Notice is hereby given that Turner Broadcasting System, Inc., Arts & Entertainment Network, Black Entertainment Television, Inc., E! Entertainment Television, Inc., Hearst ABC-Viacom Entertainment Services, International Family Entertainment, Inc., National Cable

Satellite Corporation, QVC Network, Inc., The Travel Channel, Inc., and USA Networks, the plaintiffs above-named in Civil Action No. 92-2247, hereby appeal to the Supreme Court of the United States from the April 8, 1993 Memorandum and Order of the three-judge district court, dismissing the complaint with prejudice.

This appeal is taken pursuant to 28 U.S.C. § 1253.

Respectfully submitted,

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Dated: May 3, 1993

UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF COLUMBIA

Civil Action No. 92-2292
(SFW, TPJ, SS)

DANIELS CABLEVISION, INC.,
Plaintiff,

v.

UNITED STATES OF AMERICA,
Defendant.

AND CONSOLIDATED ACTIONS

Civil Actions No. 92-2247, 92-2494, 92-2495,
and 92-2558 (SFW, TPJ, SS)

NOTICE OF APPEAL

Pursuant to Rule 18 of the Rules of the Supreme Court of the United States and Section 23 of the Cable Television Consumer Protection and Competition Act of 1992, Public Law 102-385, 106 Stat. 1460, and 28 U.S.C. § 1253, notice is hereby given that plaintiff Daniels Cablevision, Inc. ("Daniels") appeals to the Supreme Court of the United States from the April 8, 1993, Memorandum and Order of the three-judge District Court convened in the above-captioned action denying Daniels' motion for summary judgment and granting the defendant's motion to dismiss with respect to Sections 4, 5, and 6 of the Cable Television Consumer Protection and Competition Act of 1992, Public Law 102-385, 106 Stat. 1460 (the "Act"), in the above-captioned action and

holding that Sections 4 and 5 of the Act do not violate the First Amendment and that Section 6 of the Act need not be stricken as unseverable from Sections 4 and 5. Daniels also appeals from the failure of the District Court to pass upon its claims that Sections 4 and 5 of the Act violate the Fifth Amendment.

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May 3, 1993

UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF COLUMBIA

Civil Action No. 92-2558
(SFW, TPJ, SS)

DISCOVERY COMMUNICATIONS, INC. and
THE LEARNING CHANNEL, INC.,
Plaintiffs,

v.

UNITED STATES OF AMERICA, *et al.*,
Defendants.

AND CONSOLIDATED ACTIONS

Civil Actions Nos. 92-2247 92-2292, 92-2494,
and 92-2495 (SFW, TPJ, SS)

NOTICE OF APPEAL TO THE SUPREME COURT OF THE UNITED STATES

Pursuant to 28 U.S.C. § 1253, Section 23 of the Cable Television Consumer Protection and Competition Act of 1992 (the "Act"), Pub. L. No. 102-385, 106 Stat. 1460, and Rule 18 of the Supreme Court Rules, notice is hereby given that Discovery Communications, Inc., and The Learning Channel, Inc., hereby appeal to the Supreme Court of the United States from the memorandum and order of the three-judge district court filed April 8, 1993 (entered April 12, 1993), denying plaintiffs' motion for summary judgment, granting defendants' motion to dismiss with respect to Sections 4, 5, and 6 of the Act, holding that Sections 4 and 5 of the Act do not violate

the First Amendment, and holding that Section 6 of the Act need not be stricken as unseverable from Sections 4 and 5. Simultaneously with this appeal, plaintiffs are noticing a protective appeal to the United States Court of Appeals for the District of Columbia Circuit for the sole purpose of protecting plaintiffs should it ultimately be determined that the Court of Appeals, rather than the Supreme Court, has jurisdiction of this appeal.

Respectfully submitted,

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DATED: May 3, 1993

APPENDIX C

PUBLIC LAW 102-385 [S. 12]: October 5, 1992

CABLE TELEVISION CONSUMER PROTECTION AND COMPETITION ACT OF 1992

An Act to amend the Communications Act of 1934 to provide increased consumer protection and to promote increased competition in the cable television and related markets, and for other purposes.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. SHORT TITLE.

This Act may be cited as the "Cable Television Consumer Protection and Competition Act of 1992".

SEC. 2. FINDINGS; POLICY; DEFINITIONS.

(a) FINDINGS.—The Congress finds and declares the following:

(1) Pursuant to the Cable Communications Policy Act of 1984, rates for cable television services have been deregulated in approximately 97 percent of all franchises since December 29, 1986. Since rate deregulation, monthly rates for the lowest priced basic cable service have increased by 40 percent or more for 28 percent of cable television subscribers. Although the average number of basic channels has increased from about 24 to 30, average monthly rates have increased by 29 percent during the same period. The average monthly cable rate has increased almost 3 times as much as the Consumer Price Index since rate deregulation.

(2) For a variety of reasons, including local franchising requirements and the extraordinary expense of constructing more than one cable television system to serve a particular geographic area, most cable television subscribers have no opportunity to select between competing cable systems. Without the presence of another multichannel video programming distributor, a cable system faces no local competition. The result is undue market power for the cable operator as compared to that of consumers and video programmers.

(3) There has been a substantial increase in the penetration of cable television systems over the past decade. Nearly 56,000,000 households, over 60 percent of the households with televisions, subscribe to cable television, and this percentage is almost certain to increase. As a result of this growth, the cable television industry has become a dominant nationwide video medium.

(4) The cable industry has become highly concentrated. The potenial effects of such concentration are barriers to entry for new programmers and a reduction in the number of media voices available to consumers.

(5) The cable industry has become vertically integrated; cable operators and cable programmers often have common ownership. As a result, cable operators have the incentive and ability to favor their affiliated programmers. This could make it more difficult for noncable-affiliated programmers to secure carriage on cable systems. Vertically integrated program suppliers also have the incentive and ability to favor their affiliated cable operators over nonaffiliated cable operators and programming distributors using other technologies.

(6) There is a substantial governmental and First Amendment interest in promoting a diversity

of views provided through multiple technology media.

(7) There is a substantial governmental and First Amendment interest in ensuring that cable subscribers have access to local noncommercial educational stations which Congress has authorized, as expressed in section 396(a)(5) of the Communications Act of 1934. The distribution of unique noncommercial, educational programming services advances that interest.

(8) The Federal Government has a substantial interest in making all nonduplicative local public television services available on cable systems because—

(A) public television provides educational and informational programming to the Nation's citizens, thereby advancing the Government's compelling interest in educating its citizens;

(B) public television is a local community institution, supported through local tax dollars and voluntary citizen contributions in excess of $10,800,000,000 since 1972, that provides public service programming that is responsive to the needs and interests of the local community;

(C) the Federal Government, in recognition of public television's integral role in serving the educational and informational needs of local communities, has invested more than $3,000,000,000 in public broadcasting since 1969; and

(D) absent carriage requirements there is a substantial likelihood that citizens, who have supported local public television services, will be deprived of those services.

(9) The Federal Government has a substantial interest in having cable systems carry the signals of

local commercial television stations because the carriage of such signals is necessary to serve the goals contained in section 307(b) of the Communications Act of 1934 of providing a fair, efficient, and equitable distribution of broadcast services.

(10) A primary objective and benefit of our Nation's system of regulation of television broadcasting is the local origination of programming. There is a substantial governmental interest in ensuring its continuation.

(11) Broadcast television stations continue to be an important source of local news and public affairs programming and other local broadcast services critical to an informed electorate.

(12) Broadcast television programming is supported by revenues generated from advertising broadcast over stations. Such programming is otherwise free to those who own television sets and do not require cable transmission to receive broadcast signals. There is a substantial governmental interest in promoting the continued availability of such free television programming, especially for viewers who are unable to afford other means of receiving programming.

(13) As a result of the growth of cable television, there has been a marked shift in market share from broadcast television to cable television services.

(14) Cable television systems and broadcast television stations increasingly compete for television advertising revenues. As the proportion of households subscribing to cable television increases, proportionately more advertising revenues will be reallocated from broadcast to cable television systems.

(15) A cable television system which carries the signal of a local television broadcaster is assisting

the broadcaster to increase its viewership, and thereby attract additional advertising revenues that otherwise might be earned by the cable system operator. As a result, there is an economic incentive for cable systems to terminate the retransmission of the broadcast signal, refuse to carry new signals, or reposition a broadcast signal to a disadvantageous channel position. There is a substantial likelihood that absent the reimposition of such a requirement, additional local broadcast signals will be deleted, repositioned, or not carried.

(16) As a result of the economic incentive that cable systems have to delete, reposition, or not carry local broadcast signals, coupled with the absence of a requirement that such systems carry local broadcast signals, the economic viability of free local broadcast television and its ability to originate quality local programming will be seriously jeopardized.

(17) Consumers who subscribe to cable television often do so to obtain local broadcast signals which they otherwise would not be able to receive, or to obtain improved signals. Most subscribers to cable television systems do not or cannot maintain antennas to receive broadcast television services, do not have input selector switches to convert from a cable to antenna reception system, or cannot otherwise receive broadcast television services. The regulatory system created by the Cable Communications Policy Act of 1984 was premised upon the continued existence of mandatory carriage obligations for cable systems, ensuring that local stations would be protected from anticompetitive conduct by cable systems.

(18) Cable television systems often are the single most efficient distribution system for television programming. A Government mandate for a substantial societal investment in alternative distribution systems for cable subscribers, such as the "A/B" input selector antenna system, is not an enduring or feasible method of distribution and is not in the public interest.

(19) At the same time, broadcast programming that is carried remains the most popular programming on cable systems, and a substantial portion of the benefits for which consumers pay cable systems is derived from carriage of the signals of network affiliates, independent television stations, and public television stations. Also cable programming placed on channels adjacet to popular off-the-air signals obtains a larger audience than on other channel positions. Cable systems, therefore, obtain great benefits from local broadcast signals which, until now, they have been able to obtain without the consent of the broadcaster or any copyright liability. This has resulted in an effective subsidy of the development of cable systems by local broadcasters. While at one time, when cable systems did not attempt to compete with local broadcasters for programming, audience, and advertising, this subsidy may have been appropriate, it is so no longer and results in a competitive imbalance between the 2 industries.

(20) The Cable Communications Policy Act of 1984, in its amendments to the Communications Act of 1934, limited the regulatory authority of franchising authorities over cable operators. Franchising authorities are finding it difficult under the current regulatory scheme to deny renewals to cable systems that are not adequately serving cable subscribers.

(21) Cable systems should be encouraged to carry low-power television stations licensed to the communities served by those systems where the low-power station creates and broadcasts, as a substantial part of its programming day, local programming.

* * * *

SEC. 4. CARRIAGE OF LOCAL COMMERCIAL TELEVISION SIGNALS.

Part II of title VI of the Communications Act of 1934 is amended by inserting after section 613 (47 U.S.C. 533) the following new section:

"SEC. 614. CARRIAGE OF LOCAL COMMERCIAL TELEVISION SIGNALS.

"(a) CARRIAGE OBLIGATIONS.—Each cable operator shall carry, on the cable system of that operator, the signals of local commercial television stations and qualified low power stations as provided by this section. Carriage of additional broadcast television signals on such system shall be at the discretion of such operator, subject to section 325(b).

"(b) SIGNALS REQUIRED.—

"(1) IN GENERAL.—(A) A cable operator of a cable system with 12 or fewer usable activated channels shall carry the signals of at least three local commercial television stations, except that if such a system has 300 or fewer subscribers, it shall not be subject to any requiremens under this section so long as such system does not delete from carriage by that system any signal of a broadcast television station.

"(B) A cable operator of a cable system with more than 12 usable activated channels shall carry the signals of local commercial television stations, up to one-third of the aggregate number of usable activated channels of such system.

"(2) SELECTION OF SIGNALS.—Whenever the number of local commercial television stations exceeds the maximum number of signals a cable system is required to carry under paragraph (1), the cable operator shall have discretion in selecting which such stations shall be carried on its cable system, except that—

"(A) under no circumstances shall a cable operator carry a qualified low power station in lieu of a local commercial television station; and

"(B) if the cable operator elects to carry an affiliate of a broadcast network (as such term is defined by the Commission by regulation), such cable operator shall carry the affiliate of such broadcast network whose city of license reference point, as defined in section 76.53 of title 47, Code of Federal Regulations (in effect on January 1, 1991), or any successor regulation thereto, is closest to the principal headend of the cable system.

"(3) CONTENT TO BE CARRIED.—(A) A cable operator shall carry in its entirety, on the cable system of that operator, the primary video, accompanying audio, and line 21 closed caption transmission of each of the local commercial television stations carried on the cable system and, to the extent technically feasible, program-related material carried in the vertical blanking interval or on subcarriers. Retransmission of other material in the vertical blanking internal or other nonprogram-related material (including teletext and other subscription and advertiser-supported information services) shall be at the discretion of the cable operator. Where appropriate and feasible, operators may delete signal enhancements, such as ghost-canceling, from the broadcast signal and employ such enhancements at the system headend or headends.

"(B) The cable operator shall carry the entirety of the program schedule of any television station carried on the cable system unless carriage of specific programming is prohibited, and other programming authorized to be substituted, under section 76.67 or subpart F of part 76 of title 47, Code of

Federal Regulations (as in effect on January 1, 1991), or any successor regulations thereto.

"(4) SIGNAL QUALITY.—

"(A) NONDEGRADATION; TECHNICAL SPECIFICATIONS.—The signals of local commercial television stations that a cable operator carries shall be carried without material degradation. The Commission shall adopt carriage standards to ensure that, to the extent technically feasible, the quality of signal processing and carriage provided by a cable system for the carriage of local commercial television stations will be no less than that provided by the system for carriage of any other type of signal.

"(B) ADVANCED TELEVISION.—At such time as the Commission prescribes modifications of the standards for television broadcast signals, the Commission shall initiate a proceeding to establish any changes in the signal carriage requirements of cable television systems necessary to ensure cable carriage of such broadcast signals of local commercial television stations which have been changed to conform with such modified standards.

"(5) DUPLICATION NOT REQUIRED.—Notwithstanding paragraph (1), a cable operator shall not be required to carry the signal of any local commercial television station that substantially duplicates the signal of another local commercial television station which is carried on its cable system, or to carry the signals of more than one local commercial television station affiliated with a particular broadcast network (as such term is defined by regulation). If a cable operator elects to carry on its cable system a signal which substantially duplicates the signal of another local commercial television station carried on the cable system, or to carry on its system the

signals of more than one local commercial television station affiliated with a particular broadcast network, all such signals shall be counted toward the number of signals the operator is required to carry under paragraph (1).

"(6) CHANNEL POSITIONING.—Each signal carried in fulfillment of the carriage obligations of a cable operator under this section shall be carried on the cable system channel number on which the local commercial television station is broadcast over the air, or on the channel on which it was carried on July 19, 1985, or on the channel on which it was carried on January 1, 1992, at the election of the station, or on such other channel number as is mutually agreed upon by the station and the cable operator. Any dispute regarding the positioning of a local commercial television station shall be resolved by the Commission.

"(7) SIGNAL AVAILABILITY.—Signals carried in fulfillment of the requirements of this section shall be provided to every subscriber of a cable system. Such signals shall be viewable via cable on all television receivers of a subscriber which are connected to a cable system by a cable operator or for which a cable operator provides a connection. If a cable operator authorizes subscribers to install additional receiver connections, but does not provide the subscriber with such connections, or with the equipment and materials for such connections, the operator shall notify such subscribers of all broadcast stations carried on the cable system which cannot be viewed via cable without a converter box and shall offer to sell or lease such a converter box to such subscribers at rates in accordance with section 623(b)(3).

"(8) IDENTIFICATION OF SIGNALS CARRIED.—A cable operator shall identify, upon request by any person, the signals carried on its system in fullfillment of the requirements of this section.

"(9) NOTIFICATION.—A cable operator shall provide written notice to a local commercial television station at least 30 days prior to either deleting from carriage or repositioning that station. No deletion or repositioning of a local commercial television station shall occur during a period in which major television rating services measure the size of audiences of local television stations. The notification provisions of this paragraph shall not be used to undermine or evade the channel positioning or carriage requirements imposed upon cable operators under this section.

"(10) COMPENSATION FOR CARRIAGE.—A cable operator shall not accept or request monetary payment or other valuable consideration in exchange either for carriage of local commercial television stations in fulfillment of the requirements of this section or for the channel positioning rights provided to such stations under this section, except that—

"(A) any such station may be required to bear the costs associated with delivering a good quality signal or a baseband video signal to the principal headend of the cable system;

"(B) a cable operator may accept payments from stations which would be considered distant signals under section 111 of title 17, United States Code, as indemnification for any increased copyright liability resulting from carriage of such signal; and

"(C) a cable operator may continue to accept monetary payment or other valuable consideration in exchange for carriage or channel positioning of the signal of any local commercial television station carried in fulfillment of the requirements of this section, through, but not beyond, the date of expiration of an agreement thereon between a cable operator and a

local commercial television station entered into prior to June 26, 1990.

"(c) LOW POWER STATION CARRIAGE OBLIGATION.—

"(1) REQUIREMENT.—If there are not sufficient signals of full power local commercial television stations to fill the channels set aside under subsection (b)—

"(A) a cable operator of a cable system with a capacity of 35 or fewer usable activated channels shall be required to carry one qualified low power station; and

"(B) a cable operator of a cable system with a capacity of more than 35 usable activated channels shall be required to carry two qualified low power stations.

"(2) USE OF PUBLIC, EDUCATIONAL, OR GOVERNMENTAL CHANNELS.—A cable operator required to carry more than one signal of a qualified low power station under this subsection may do so, subject to approval by the franchising authority pursuant to section 611, by placing such additional station on public, educational, or governmental channels not in use for their designated purposes.

"(d) REMEDIES.—

"(1) COMPLAINTS BY BROADCAST STATIONS.—Whenever a local commercial television station believes that a cable operator has failed to meet its obligations under this section, such station shall notify the operator, in writing, of the alleged failure and identify its reasons for believing that the cable operator is obligated to carry the signal of such station or has otherwise failed to comply with the channel positioning or repositioning or other requirements of this section. The cable operator shall, within 30 days of such written notification, respond

in writing to such notification and either commence to carry the signal of such station in accordance with the terms requested or state its reasons for believing that it is not obligated to carry such signal or is in compliance with the channel positioning and repositioning and other requirements of this section. A local commercial television station that is denied carriage or channel positioning or repositioning in accordance with this section by a cable operator may obtain review of such denial by filing a complaint with the Commission. Such complaint shall allege the manner in which such cable operator has failed to meet its obligations and the basis for such allegations.

"(2) OPPORTUNITY TO RESPOND.—The Commission shall afford such cable operator an opportunity to present data and arguments to establish that there has been no failure to meet its obligations under this section.

"(3) REMEDIAL ACTIONS; DISMISSAL.—Within 120 days after the date a complaint is filed, the Commission shall determine whether the cable operator has met its obligations under this section. If the Commission determines that the cable operator has failed to meet such obligations, the Commission shall order the cable operator to reposition the complaining station or, in the case of an obligation to carry a station, to commence carriage of the station and to continue such carriage for at least 12 months. If the Commission determines that the cable operator has fully met the requirements of this section, it shall dismiss the complaint.

"(e) INPUT SELECTOR SWITCH RULES ABOLISHED.—No cable operator shall be required—

"(1) to provide or make available any input selector switch as defined in section 76.5(mm) of title

47, Code of Federal Regulations, or any comparable device; or

"(2) to provide information to subscribers about input selector switches or comparable devices.

"(f) REGULATIONS BY COMMISSION.—Within 180 days after the date of enactment of this section, the Commission shall, following a rulemaking proceeding, issue regulations implementing the requirements imposed by this section. Such implementing regulations shall include necessary revisions to update section 76.51 of title 47 of the Code of Federal Regulations.

"(g) SALES PRESENTATIONS AND PROGRAM LENGTH COMMERCIALS.—

"(1) CARRIAGE PENDING PROCEEDING.—Pending the outcome of the proceeding under paragraph (2), nothing in this Act shall require a cable operator to carry on any tier, or prohibit a cable operator from carrying on any tier, the signal of any commercial television station or video programming service that is predominantly utilized for the transmission of sales presentations or program length commercials.

"(2) PROCEEDING CONCERNING CERTAIN STATIONS.—Within 270 days after the date of enactment of this section, the Commission, notwithstanding prior proceedings to determine whether broadcast television stations that are predominantly utilized for the transmission of sales presentations or program length commercials are serving the public interest, convenience, and necessity, shall complete a proceeding in accordance with this paragraph to determine whether broadcast television stations that are predominantly utilized for the transmission of sales presentations or program length commercials are serving the public interest, convenience, and necessity. In conducting such proceeding, the Commission shall provide appropriate notice and opportu-

nity for public comment. The Commission shall consider the viewing of such stations, the level of competing demands for the spectrum allocated to such stations, and the role of such stations in providing competition to nonbroadcast services offering similar programming. In the event that the Commission concludes that one or more of such stations are serving the public interest, convenience, and necessity, the Commission shall qualify such stations as local commercial television stations for purposes of subsection (a). In the event that the Commission concludes that one or more of such stations are not serving the public interest, convenience, and necessity, the Commission shall allow the licensees of such stations a reasonable period within which to provide different programming, and shall not deny such stations a renewal expectancy solely because their programming consisted predominantly of sales presentations or program length commercials.

"(h) DEFINITIONS.—

"(1) LOCAL COMMERCIAL TELEVISION STATION.—

"(A) IN GENERAL.—For purposes of this section, the term 'local commercial television station' means any full power television broadcast station, other than a qualified noncommercial educational television station within the meaning of section 615(l)(1), licensed and operating on a channel regularly assigned to its community by the Commission that, with respect to a particular cable system, is within the same television market as the cable system.

"(B) EXCLUSIONS.—The term 'local commercial television station' shall not include—

"(i) low power television stations, television translator stations, and passive repeaters which operate pursuant to part

74 of title 47, Code of Federal Regulations, or any successor regulations thereto;

"(ii) a television broadcast station that would be considered a distant signal under section 111 of title 17, United States Code, if such station does not agree to indemnify the cable operator for any increased copyright liability resulting from carriage on the cable system; or

"(iii) a television broadcast station that does not deliver to the principal headend of a cable system either a signal level of —45dBm for UHF signals or —49dBm for VHF signals at the input terminals of the signal processing equipment, if such station does not agree to be responsible for the costs of delivering to the cable system a signal of good quality or a baseband video signal.

"(C) MARKET DETERMINATIONS.—(i) for purposes of this section, a broadcasting station's market shall be determined in the manner provided in section 73.3555(d)(3)(i) of title 47, Code of Federal Regulations, as in effect on May 1, 1991, except that, following a written request, the Commission may, with respect to a particular television broadcast station, include additional communities within its television market or exclude communities from such station's television market to better effectuate the purposes of this section. In considering such requests, the Commission may determine that particular communities are part of more than one television market.

"(ii) In considering requests filed pursuant to clause (i), the Commission shall afford particular attention to the value of localism by taking into account such factors as—

"(I) whether the station, or other stations located in the same area, have been historically carried on the cable system or systems within such community;

"(II) whether the television station provides coverage or other local service to such community;

"(III) whether any other television station that is eligible to be carried by a cable system in such community in fulfillment of the requirements of this section provides news coverage of issues of concern to such community or provides carriage or coverage of sporting and other events of interest to the community; and

"(IV) evidence of viewing patterns in cable and noncable households within the areas served by the cable system or systems in such community.

"(iii) A cable operator shall not delete from carriage the signal of a commercial television station during the pendency of any proceeding pursuant to this subparagraph.

"(iv) In the rulemaking proceeding required by subsection (f), the Commission shall provide for expedited consideration of requests filed under this subparagraph.

"(2) QUALIFIED LOW POWER STATION.—The term 'qualified low power station' means any television broadcast station conforming to the rules established for Low Power Television Stations contained in part 74 of title 47, Code of Federal Regulations, only if—

"(A) such station broadcasts for at least the minimum number of hours of operation required by the Commission for television broadcast stations under part 73 of title 47, Code of Federal Regulations;

"(B) such station meets all obligations and requirements applicable to television broadcast stations under part 73 of title 47, Code of Federal Regulations, with respect to the broadcast of nonentertainment programming; programming and rates involving political candidates, election issues, controversial issues of public importance, editorials, and personal attacks; programming for children; and equal employment opportunity; and the Commission determines that the provision of such programming by such station would address local news and informational needs which are not being adequately served by full power television broadcast stations because of the geographic distance of such full power stations from the low power station's community of license;

"(C) such station complies with interference regulations consistent with its secondary status pursuant to part 74 of title 47, Code of Federal Regulations;

"(D) such station is located no more than 35 miles from the cable system's headend, and delivers to the principal headend of the cable system an over-the-air signal of good quality, as determined by the Commission;

"(E) the community of license of such station and the franchise area of the cable system are both located outside of the largest 160 Metropolitan Statistical Areas, ranked by population, as determined by the Office of Management and Budget on June 30, 1990, and the population of such community of license on such date did not exceed 35,000; and

"(F) there is no full power television broadcast station licensed to any community within the county or other political subdivision (of a State) served by the cable system.

Nothing in this paragraph shall be construed to change the secondary status of any low power station as provided in part 74 of title 47, Code of Federal Regulations, as in effect on the date of enactment of this section.".

SEC. 5. CARRIAGE OF NONCOMMERCIAL STATIONS.

Part II of title VI of the Communications Act of 1934 (47 U.S.C. 531 et seq.) is further amended by inserting after section 614 (as added by section 4 of this Act) the following new section:

"SEC. 615. CARRIAGE OF NONCOMMERCIAL EDUCATIONAL TELEVISION.

"(a) CARRIAGE OBLIGATIONS.—In addition to the carriage requirements set forth in section 614, each cable operator of a cable system shall carry the signals of qualified noncommercial educational television stations in accordance with the provisions of this section.

"(b) REQUIREMENTS TO CARRY QUALIFIED STATIONS.—

"(1) GENERAL REQUIREMENT TO CARRY EACH QUALIFIED STATION.—Subject to paragraphs (2) and (3) and subsection (e), each cable operator shall carry, on the cable system of that cable operator, any qualified local noncommercial educational television station requesting carriage.

"(2)(A) SYSTEMS WITH 12 OR FEWER CHANNELS.—Notwithstanding paragraph (1), a cable operator of a cable system with 12 or fewer usable activated channels shall be required to carry the signal of one qualified local noncommercial educational television station; except that a cable operator

of such a system shall comply with subsection (c) and may, in its discretion, carry the signals of other qualified noncommercial educational television stations.

"(B) In the case of a cable system described in subparagraph (A) which operates beyond the presence of any qualified local noncommercial educational television station—

"(i) the cable shall import and carry on that system the signal of one qualified noncommercial educational television station;

"(ii) the selection for carriage of such a signal shall be at the election of the cable operator; and

"(iii) in order to satisfy the requirements for carriage specified in this subsection, the cable operator of the system shall not be required to remove any other programming service actually provided to subscribers on March 29, 1990; except that such cable operator shall use the first channel available to satisfy the requirements of this subparagraph.

"(3) SYSTEMS WITH 13 TO 36 CHANNELS.—(A) Subject to subsection (c), a cable operator of a cable system with 13 to 36 usable activated channels—

"(i) shall carry the signal of at least one qualified local noncommercial educational television station but shall not be required to carry the signals of more than three such stations, and

"(ii) may, in its discretion, carry additional such stations.

"(B) In the case of a cable system described in this paragraph which operates beyond the presence

of any qualified local noncommercial educational television station, the cable operator shall import and carry on that system the signal of at least one qualified noncommercial educational television station to comply with subparagraph (A)(i).

"(C) The cable operator of a cable system described in this paragraph which carries the signal of a qualified local noncommercial educational station affiliated with a State public television network shall not be required to carry the signal of any additional qualified local noncommercial educational television stations affiliated with the same network if the programming of such additional stations is substantially duplicated by the programming of the qualified local noncommercial educational television station receiving carriage.

"(D) A cable operator of a system described in this paragraph which increases the usable activated channel capacity of the system to more than 36 channels on or after March 29, 1990, shall, in accordance with the other provisions of this section, carry the signal of each qualified local noncommercial educational television station requesting carriage, subject to subsection (e).

"(c) CONTINUED CARRIAGE OF EXISTING STATIONS.—Notwithstanding any other provision of this section, all cable operators shall continue to provide carriage to all qualified local noncommercial educational television stations whose signals were carried on their systems as of March 29, 1990. The requirements of this subsection may be waived with respect to a particular cable operator and a particular such station, upon the written consent of the cable operator and the station.

"(d) PLACEMENT OF ADDITIONAL SIGNALS.—A cable operator required to add the signals of qualified local noncommercial educational television stations to a cable system under this section may do so, subject to approval by the franchising authority pursuant to section 611, by placing such additional stations on public, educational, or governmental channels not in use for their designated purposes.

"(e) SYSTEMS WITH MORE THAN 36 CHANNELS.—A cable operator of a cable system with a capacity of more than 36 usable activated channels which is required to carry the signals of three qualified local noncommercial educational television stations shall not be required to carry the signals of additional such stations the programming of which substantially duplicates the programming broadcast by another qualified local noncommercial educational television station requesting carriage. Substantial duplication shall be defined by the Commission in a manner that promotes access to distinctive noncommercial educational television services.

"(f) WAIVER OF NONDUPLICATION RIGHTS.—A qualified local noncommercial educational television station whose signal is carried by a cable operator shall not assert any network nonduplication rights it may have pursuant to section 76.92 of title 47, Code of Federal Regulations, to require the deletion of programs aired on other qualified local noncommercial educational television stations whose signals are carried by that cable operator.

"(g) CONDITIONS OF CARRIAGE.—

"(1) CONTENT TO BE CARRIED.—A cable operator shall retransmit in its entirety the primary video, accompanying audio, and line 21 closed caption transmission of each qualified local noncommercial educational television station whose signal is carried on the cable system, and, to the extent technically feasible, program-related material carried in the vertical blanking interval, or on subcarriers, that may be necessary for receipt of programming by handicapped persons or for educational or language pur-

poses. Retransmission of other material in the vertical blanking interval or on subcarriers shall be within the discretion of the cable operator.

"(2) BANDWIDTH AND TECHNICAL QUALITY.—A cable operator shall provide each qualified local noncommercial educational television station whose signal is carried in accordance with this section with bandwidth and technical capacity equivalent to that provided to commercial television broadcast stations carried on the cable system and shall carry the signal of each qualified local noncommercial educational television station without material degradation.

"(3) CHANGES IN CARRIAGE.—The signal of a qualified local noncommercial educational television station shall not be repositioned by a cable operator unless the cable operator, at least 30 days in advance of such repositioning, has provided written notice to the station and all subscribers of the cable system. For purposes of this paragraph, repositioning includes (A) assignment of a qualified local noncommercial educational television station to a cable system channel number different from the cable system channel number to which the station was assigned as of March 29, 1990, and (B) deletion of the station from the cable system. The notification provisions of this paragraph shall not be used to undermine or evade the channel positioning or carriage requirements imposed upon cable operators under this section.

"(4) GOOD QUALITY SIGNAL REQUIRED.—Notwithstanding the other provisions of this section, a cable operator shall not be required to carry the signal of any qualified local noncommercial educational television station which does not deliver to the cable system's principal headend a signal of good quality or a baseband video signal, as may be defined by the Commission.

"(5) CHANNEL POSITIONING.—Each signal carried in fulfillment of the carriage obligations of a cable operator under this section shall be carried on the cable system channel number on which the qualified local noncommercial educational television station is broadcast over the air, or on the channel on which it was carried on July 19, 1985, at the election of the station, or on such other channel number as is mutually agreed upon by the station and the cable operator. Any dispute regarding the positioning of a qualified local noncommercial educational television station shall be resolved by the Commission.

"(h) AVAILABILITY OF SIGNALS.—Signals carried in fulfillment of the carriage obligations of a cable operator under this section shall be available to every subscriber as part of the cable system's lowest priced service tier that includes the retransmission of local commercial television broadcast signals.

"(i) PAYMENT FOR CARRIAGE PROHIBITED.—

"(1) IN GENERAL.—A cable operator shall not accept monetary payment or other valuable consideration in exchange for carriage of the signal of any qualified local noncommercial educational television station carried in fulfillment of the requirements of this section, except that such a station may be required to bear the cost associated with delivering a good quality signal or a baseband video signal to the principal headend of the cable system.

"(2) DISTANT SIGNAL EXCEPTION.—Notwithstanding the provisions of this section, a cable operator shall not be required to add the signal of a qualified local noncommercial educational television station not already carried under the provision of subsection (c), where such signal would be considered a distant signal for copyright purposes unless such station indemnifies the cable operator for any

increased copyright costs resulting from carriage of such signal.

"(j) REMEDIES.—

"(1) COMPLAINT.—Whenever a qualified local noncommercial educational television station believes that a cable operator of a cable system has failed to comply with the signal carriage requirements of this section, the station may file a complaint with the Commission. Such complaint shall allege the manner in which such cable operator has failed to comply with such requirements and state the basis for such allegations.

"(2) OPPORTUNITY TO RESPOND.—The Commission shall afford such cable operator an opportunity to present data, views, and arguments to establish that the cable operator has complied with the signal carriage requirements of this section.

"(3) REMEDIAL ACTIONS; DISMISSAL.—Within 120 days after the date a complaint is filed under this subsection, the Commission shall determine whether the cable operator has complied with the requirements of this section. If the Commission determines that the cable operator has failed to comply with such requirements, the Commission shall state with particularity the basis for such findings and order the cable operator to take such remedial action as is necessary to meet such requirements. If the Commission determines that the cable operator has fully complied with such requirements, the Commission shall dismiss the complaint.

"(k) IDENTIFICATION OF SIGNALS.—A cable operator shall identify, upon request by any person, those signals carried in fulfillment of the requirements of this section.

"(l) DEFINITIONS.—For purposes of this section—

"(1) QUALIFIED NONCOMMERCIAL EDUCATIONAL TELEVISION STATION.—The term 'qualified noncommercial educational television station' means any television broadcast station which—

"(A)(i) under the rules and regulations of the Commission in effect on March 29, 1990, is licensed by the Commission as a noncommercial educational television broadcast station and which is owned and operated by a public agency, nonprofit foundation, corporation, or association; and

"(ii) has as its licensee an entity which is eligible to receive a community service grant, or any successor grant thereto, from the Corporation for Public Broadcasting, or any successor organization thereto, on the basis of the formula set forth in section 396(k)(6)(B); or

"(B) is owned and operated by a municipality and transmits predominantly noncommercial programs for educational purposes.

Such term includes (I) the translator of any noncommercial educational television station with five watts or higher power serving the franchise area, (II) a full-service station or translator if such station or translator is licensed to a channel reserved for noncommercial educational use pursuant to section 73.606 of title 47, Code of Federal Regulations, or any successor regulations thereto, and (III) such stations and translators operating on channels not so reserved as the Commission determines are qualified as noncommercial educational stations.

"(2) QUALIFIED LOCAL NONCOMMERCIAL EDUCATIONAL TELEVISION STATION.—The term 'qualified local noncommercial educational television station'

means a qualified noncommercial educational television station—

"(A) which is licensed to a principal community whose reference point, as defined in section 76.53 of title 47, Code of Federal Regulations (as in effect on March 29, 1990), or any successor regulations thereto, is within 50 miles of the principal headend of the cable system; or

"(B) whose Grade B service contour, as defined in section 73.683(a) of such title (as in effect on March 29, 1990), or any successor regulations thereto, encompasses the principal headend of the cable system.".

SEC. 6. RETRANSMISSION CONSENT FOR CABLE SYSTEMS.

Section 325 of the Communications Act of 1934 (47 U.S.C. 325) is amended—

(1) by redesignating subsections (b) and (c) as subsections (c) and (d), respectively; and

(2) by inserting immediately after subsection (a) the following new subsection:

"(b)(1) Following the date that is one year after the date of enactment of the Cable Television Consumer Protection and Competition Act of 1992, no cable system or other multichannel video programming distributor shall retransmit the signal of a broadcasting station, or any part thereof, except—

"(A) with the express authority of the originating station; or

"(B) pursuant to section 614, in the case of a station electing, in accordance with this subsection, to assert the right to carriage under such section.

"(2) The provisions of this subsection shall not apply to—

"(A) retransmission of the signal of a noncommercial broadcasting station;

"(B) retransmission directly to a home satellite antenna of the signal of a broadcasting station that is not owned or operated by, or affiliated with, a broadcasting network, if such signal was retransmitted by a satellite carrier on May 1, 1991;

"(C) retransmission of the signal of a broadcasting station that is owned or operated by, or affiliated with, a broadcasting network directly to a home satellite antenna, if the household receiving the signal is an unserved household; or

"(D) retransmission by a cable operator or other multichannel video programming distributor of the signal of a superstation if such signal was obtained from a satellite carrier and the originating station was a superstation on May 1, 1991.

For purposes of this paragraph, the terms 'satellite carrier', 'superstation', and 'unserved household' have the meanings given those terms, respectively, in section 119(d) of title 17, United States Code, as in effect on the date of enactment of the Cable Television Consumer Protection and Competition Act of 1992.

"(3)(A) Within 45 days after the date of enactment of the Cable Television Consumer Protection and Competition Act of 1992, the Commission shall commence a rulemaking proceeding to establish regulations to govern the exercise by television broadcast stations of the right to grant retransmission consent under this subsection and of the right to signal carriage under section 614, and such other regulations as are necessary to administer the limitations contained in paragraph (2). The Commission shall consider in such proceeding the impact that the grant of retransmission consent by television stations may have on the rates for the basic service tier and shall ensure that the regulations prescribed under this subsection

do not conflict with the Commission's obligation under section 623(b)(1) to ensure that the rates for the basic service tier are reasonable. Such rulemaking proceeding shall be completed within 180 days after the date of enactment of the Cable Television Consumer Protection and Competition Act of 1992.

"(B) The regulations required by subparagraph (A) shall require that television stations, within one year after the date of enactment of the Cable Television Consumer Protection and Competition Act of 1992 and every three years thereafter, make an election between the right to grant retransmission consent under this subsection and the right to signal carriage under section 614. If there is more than one cable system which services the same geographic area, a station's election shall apply to all such cable systems.

"(4) If an originating television station elects under paragraph (3)(B) to exercise its right to grant retransmission consent under this subsection with respect to a cable system, the provisions of section 614 shall not apply to the carriage of the signal of such station by such cable system.

"(5) The exercise by a television broadcast station of the right to grant retransmission consent under this subsection shall not interfere with or supersede the rights under section 614 or 615 of any station electing to assert the right to signal carriage under that section.

"(6) Nothing in this section shall be construed as modifying the compulsory copyright license established in section 111 of title 17, United States Code, or as affecting existing or future video programming licensing agreements between broadcasting stations and video programmers.".

APPENDIX D

Time Warner Entertainment Company, L.P.'s Rule 29.1 List of Parent Companies and Subsidiaries

Each of the following general partners of Time Warner Entertainment Company, L.P. ("TWE") is a wholly owned subsidiary of Time Warner Inc.:

Home Box Office, Inc.
Warner Cable Communications, Inc.
Warner Communications, Inc.
Warner Bros., Inc.
American Television and Communications Corporation
Capital Cablevision Systems, Inc.
People's Cable Corporation
Memphis CATV, Inc.
Warner Cable Communications Company
SIFTA Milwaukee Cable Corp.
TA Milwaukee Cable Co., Inc.
Warner Cable of New York, Inc.
Time Warner Cable Inc.
Warner Entertainment Inc.

The following are limited partners of TWE:

C. Itoh Entertainment Inc.
A subsidiary of C. Itoh & Co. Ltd.

Toshiba American Entertainment, Inc.
A subsidiary of Toshiba Corporation

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Rule 29.1 List of Parent Companies and Subsidiaries

1. *Turner Broadcasting System, Inc.*

The following entities hold ownership interests in Turner Broadcasting System, Inc. ("TBS"): Time Warner, Inc.; and Tele-Communications, Inc.

The following are direct or indirect subsidiary companies, not wholly-owned, of TBS: SportsSouth Network, Ltd.; Checkout Channel, L.P., through its indirect wholly-owned subsidiary, COC Holdings, Inc.; Atlanta Hawks, Ltd.; and HB Entertainment Co., Inc.

2. *Arts & Entertainment Network*

The following entities hold ownership interests in Arts and Entertainment Network: Capital Cities/ABC Video Enterprises, Inc.; The Hearst Corporation; RCA Cable Inc.; and Radio City Music Hall Productions, Inc.

3. *Black Entertainment Television, Inc.*

BET Holdings, Inc. is the parent company of Black Entertainment Television, Inc. ("BET"). The following companies are subsidiaries, not wholly-owned, of BET: EMERGE Communications, Inc.; Haricom Advertising, Inc.; and United Image Entertainment.

4. *E! Entertainment Television, Inc.*

The following entities hold ownership interests in E! Entertainment Television, Inc.: Time Warner, Inc., through its wholly-owned subsidiary, Warner Communications, Inc.; Tele-Communications, Inc., through its subsidiaries, United Cable Television

Corp, Ltd. and United Cable Television Investments; Comcast Cable Communications, Inc.; Continental Cablevision, Inc., through its subsidiary, Continental Cablevision Investments, Inc.; Cox Enterprises, Inc., through its subsidiary, Cox Communications, Inc.; and Newhouse Broadcasting, through its subsidiary, NewChannels Corp.

5. *Hearst/ABC-Viacom Entertainment Services*

Hearst/ABC Viacom Entertainment Services is a partnership owned by The Hearst Corporation; Capital Cities/ABC Video Enterprises, Inc., a wholly owned subsidiary of Capital Cities/ABC Inc.; and Lifetime Holdings, Inc., a wholly owned subsidiary of Viacom International, Inc.

6. *International Family Entertainment, Inc.*

Liberty Programming Corp. is the parent company of International Family Entertainment.

7. *National Cable Satellite Corporation*

There are no parent companies or subsidiaries.

8. *QVC Network, Inc.*

The following entities have ownership interests in QVC Network in excess of 5% of the publicly traded stock: Liberty Media Corporation; Time Warner, Inc.; and Comcast Corporation.

9. *The Travel Channel, Inc.*

The following entities hold ownership interests in The Travel Channel, Inc.: Landmark Communications, Inc., through its wholly-owned subsidiaries, Landmark Television, Inc. and Landmark Broadcasting, Inc.; and TeleCable Corporation, through its subsidiaries, TeleCable Technologies, Inc., Telecable

Investment Corporation, TeleCable of Cleveland, Inc., and TC Partners, L.P.

10. *USA Networks*

The following entities have ownership interests in USA Networks: Paramount Communications, Inc., through its wholly-owned subsidiary, Eighth Century Corp.; Matsushita Electric Industrial Co., Ltd., through its wholly-owned subsidiaries, MCA, Inc. and MCA Cable Services, Inc.

Daniels Cablevision, Inc's
Rule 29.1 List of
Parent Companies and Subsidiaries

Daniels Cablevision, Inc. is a privately held corporation, with 100% of the stock held by Bill Daniels, and has no parent or subsidiary corporations within the meaning or context of Supreme Court Rule 29.1.

Discovery Communications, Inc.
and
The Learning Channel, Inc.

List of Parent Companies and Subsidiaries
Pursuant to Supreme Court Rule 29.1

The Learning Channel, Inc., is a wholly-owned subsidiary of Discovery Communications, Inc. The ultimate parent companies of Discovery Communications, Inc., are Tele-Communications, Inc., Cox Cable Communications, and Newhouse Broadcasting Corp. Neither The Learning Channel, Inc., nor Discovery Communications, Inc., has any other parent companies, or subsidiaries (other than wholly owned subsidiaries).

NATIONAL CABLE TELEVISION ASSOCIATION

List of Parent Companies and Subsidiaries
Pursuant to Supreme Court Rule 29.1

The National Cable Television Association is a trade association. It has no parent companies or subsidiaries (other than wholly owned subsidiaries).